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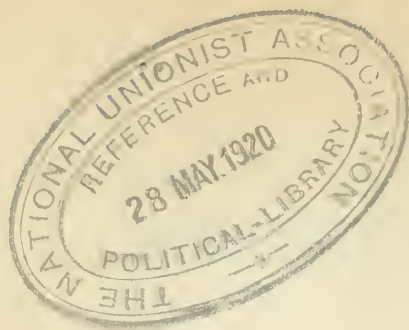
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PREFATORY NOTE.

WHAT the subject discussed in the following pages is of the greatest importance is obvious. We are all consumers, and therefore we are all interested in output. And apart from this, at the present time in many parts of Europe thousands of people are actually dying of starvation. Even when these facts are granted, however, the question of the relations of the Trade Unions to output is not a simple one, and it raises a large number of points which cannot be dismissed offhand. For instance, how is increased output to be obtained? Under what conditions? Output of what, and for whom?

The Council of Ruskin College felt that a full discussion of these and other closely related matters would be of high educational value, and they therefore welcomed Mr. Brownlie's suggestion that a Conference should be held on the subject of "The Trade Unions and Output." It will be found that the points which have been mentioned are, with many others, discussed from various aspects in this book, which I can confidently recommend as a real contribution to thought upon this question of output—a question of much more than national importance.

Our thanks are especially due to Mr. J. T. Brownlie, Mr. H. A. Grimshaw, Sir Leo Chiozza Money, and Mr. Herbert G. Williams for their contributions, and to the Chairmen, Mr. Frank Hodges and Mr. Tom Mann.

H. SANDERSON FURNISS,

Principal of Ruskin College.

Ruskin College, Oxford.

February, 1920.

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The notes from which the Report has been prepared were taken by E. T. HUNT, F.I.P.S., 48, Broad Street, Oxford.

THE TRADE UNIONS AND OUTPUT.

PROCEEDINGS AT A NATIONAL CONFERENCE OF
WORKING CLASS ASSOCIATIONS, HELD UNDER THE
AUSPICES OF RUSKIN COLLEGE, AT THE MEMORIAL
HALL, FARRINGDON STREET, LONDON, on Jan. 17, 1920.

FIRST SESSION.

MR. FRANK HODGES (Secretary of the Miners' Federation of Great Britain), in taking the Chair, said he was convinced by the character of the representation at the Conference that they would have that quality of discussion which had always distinguished these gatherings, and which in his judgment gave the lie to any suggestions that the working class was unfit to undertake the responsibility involved in the governance of a country. Mr. Brownlie, who was to speak on his paper, had been interested in this question of production, and had made a public statement in regard to it. That public statement had been duly criticised, and no doubt his point of view would be criticised now. But whether they agreed or disagreed with his point of view, they must endeavour to understand it. It might be that Mr. Brownlie, after all, was right; and they must not, and he was sure would not, approach the subject with any preconceived ideas, but as students who were endeavouring to understand what lay at the back of the present social disorders. He felt that as a result of their deliberations they would have clearer ideas of the British position, and perhaps of the international economic position than they had before.

Mr. Hodges concluded by saying that he was glad to associate himself with the gathering convened by Ruskin College, a place with which he had had something to do in the earlier days. The College was an institution that he wanted to see strengthened and developed, in common with other Colleges in the country. He wanted it to be a real avenue for working-class education and advancement, and thought that meetings such as that helped to stimulate interest in the institution, as well as mental activity amongst the working people.

The Workers' Interest in Output.

BY MR. J. T. BROWNLIE

(Chairman of the Amalgamated Society of Engineers).

INTRODUCTORY.

THIS paper is the outcome of the letter that I addressed to the Rt. Hon. C. W. Bowerman, M P., Secretary to the Parliamentary Committee of the Trades Union Congress, on August 25th, 1919, which was given much prominence in the Press of the country and caused considerable commotion amongst trade unionists.

The letter referred to was in the nature of an appeal to the Parliamentary Committee, as the most representative and responsible body of trade unionists in the country, to take action to disseminate accurate and reliable information, as a considerable amount of misapprehension exists in the minds of the workers in regard to production. However, for reasons unknown to me, the Parliamentary Committee did not respond as desired.

The Executive Committee of Ruskin College were at the time considering the question of holding another conference on the lines of those organised by the College during the war, and, as a member of the Committee, I suggested this question of Output as one which it would be useful to have thoroughly discussed from all points of view by a representative working-class gathering. The suggestion was agreed to, and I was honoured by an invitation to prepare the first of the two papers to be discussed.

In accepting the invitation to write this paper, I feel that I have committed the folly of rushing in where angels fear to tread, inasmuch as I have found it very difficult to spare from my official duties the necessary time and thought that the subject demands. However, through the kindly assistance of friends who have helped me, I am able to submit for your consideration some points that may assist in a better understanding of the question.

To obtain an adequate and continuous supply of the essentials of life is a problem that has dominated the energies of mankind throughout the ages. The problem is in some respects more intense

to-day than at any period during the era of civilisation. The war has emptied the larders and the storehouses of the world, and it is imperative that they should be refilled as rapidly as possible if humanity is to be saved from the most extreme privations. The cry for increased output is resounding throughout the world.

Widely different opinions may be, and no doubt are held on the question of output, and few would be found who would maintain that the output of all kinds of goods must be increased at all costs, no matter what the conditions imposed upon the workers. Few would deny, on the other hand, that the worker has a very direct and vital interest in output. To take the simplest possible case, and looking at the question from the purely individual standpoint, every worker must himself have at least a sufficiency of food, clothing, fuel, shelter, and the other requisites of a healthy life. And to take a wider view, every man or woman can reasonably claim the best life that the community in which they live is able to provide, on the ground that they are members of the community, and on the condition that they are willing to work to the best of their ability. It is, of course, obvious that the simplest life cannot be secured, and much less the more highly civilised life, without a large output of a great variety of material goods and without the performance of a great variety of services.

If the analysis be pushed a little further, it is clear that the workers, under the existing industrial system, have an interest—though only an indirect one—in the production of a large number of commodities which they themselves will never use; *e.g.*, the worker who obtains the wages with which he supplies his wants by the production of expensive fancy goods which cater only for the whims of a few over-wealthy people, nevertheless has a very real, though indirect, interest in the production of those fancy goods—an interest which he is not slow to recognise when there is a falling-off in the demand for them, and a consequent danger of his becoming unemployed. Indeed, it is an interest which the average worker tends to over-rate rather than under-rate, as is seen by his willingness to go on producing superfluities for the well-to-do, while he and his family often have to go short of necessities. But it is obvious that if the whole of the workers were engaged in the production of fancy goods, although they might for a time obtain their wages, they would not be able to satisfy their wants, because the necessities of life would not have been produced.

The point that seems to arise from these considerations is that the workers have a much greater and more direct interest in the production of the necessities and the more ordinary comforts and conveniences of life than they have in the production of comparatively superfluous luxuries.

Nor is the interest of the worker in output confined to national production. We are still dependent on other countries for a large part of our food and raw material, so that the workers of the United Kingdom have a decided interest in the output of food and other things in many parts of the world. A falling-off in the wheat supply of the American continent, or even parts of it, would seriously affect the lives of our people—not merely by making scarce, and therefore dear, essential foods, but also by causing a falling-off in the demand for the goods which are produced here and exchanged for wheat.

THE WORLD NEED FOR INCREASED PRODUCTION.

Taking it for granted, then, that the worker has a definite interest in output, both at home and abroad, I propose to consider the question as to whether there is or is not at the present time a need for greater production, not merely in the United Kingdom, but throughout the whole world. But I have not forgotten that, even if I succeed in showing that such a need does exist, there may be circumstances which would justify the workers of this country in refusing to increase output, at any rate without imposing upon other interests in the community very definite conditions, and insisting on their fulfilment. The objections to increased output, and the conditions upon which the workers could safely consent to undertake it, will be dealt with later on in this paper.

In order to show that there is a real world need for increased output, I cannot do better than quote one or two passages from a memorandum by Mr. Herbert Hoover, ex-Food Controller of the United States, entitled “The Economic Situation in Europe,” and published in *The National Food Journal* for Wednesday, August 13th, 1919. He writes :

“The economic difficulties of Europe as a whole at the signature of Peace may be almost summarised in the phrase ‘demoralised productivity.’ The production of necessities for this 450,000,000 population (including Russia) has never been at so low an ebb as at this day.

A summary of the unemployment bureaus in Europe will show that 15,000,000 families are receiving unemployment allowances in one form or another, and are, in the main, being paid by constant inflation of currency. A rough estimate would indicate that the population of Europe is at least 100,000,000 greater than can be supported without imports."

The causes of the falling-off in productivity are stated by Mr. Hoover as follows :

"The industrial and commercial demoralisation arising originally out of the war, but continued out of the struggle for political rearrangements during the Armistice, the creation of new governments, their inexperience, and friction between these governments in the readjustment of economic relations.

The proper and insistent demand of labour for higher standards of living and a voice in administration of their effort has unfortunately become impregnated with the theory that the limitation of effort below physical necessity will increase the total employment or improve their condition.

There is a great relaxation of effort as the reflex of physical exhaustion of large sections of the population from privation and from the mental and physical strain of the war.

To a minor degree, considering the whole volume, there has been a destruction of equipment and tools, and loss of organisation and skill, due to war diversions, with a loss of man-power. The latter is not at present pertinent in the face of present unemployment.

The demoralisation in the production of coal. Europe to-day is an example in point of all these three forces mentioned above, and promises a coal famine with industrial disaster unless remedied. It is due in a small percentage—from the destruction of man-power—to the physical limitation of coal mines or their equipment. It is due in the largest degree to the human factor of the limitation of effort.

The continuation of the Blockade after the Armistice has undoubtedly destroyed enterprise even in open countries, and, of course, prevented any recovery in enemy countries. The shortage in overseas transportation, and the result of uncertainties of the Armistice upon international credits, have checked the flow of raw materials and prevented recovery in the production of commodities especially needed for exchange

for imports from overseas. The result of this delay has been unemployment, stagnation, absorption of capital in consumable commodities to some extent all over Europe."

The situation is finally summed up thus :

" From all these causes, accumulated to different intensity in different localities, there is the essential fact that, unless productivity can be rapidly increased, there can be nothing but political, moral, and economic chaos, finally interpreting itself in loss of life on a scale hitherto undreamed of."

Mr. Hoover goes on to point out that those parts of Europe which are suffering most acutely from a scarcity of the necessities of life could be supplied by the western hemisphere—but only for a short time, and on credit. He insists very strongly that " the populations of Europe must be brought to a realisation that productivity must be instantly increased." But he insists with equal emphasis on the fact that " never has there been such a necessity for the curtailment of luxury as exists to-day." He also lays down that " it must be evident that the production cannot increase if political incompetence continues in blockade, embargoes, censorship, mobilisation, large armies, navies, and war." Further, he points out that " there are certain foundations of industry in Europe that, no matter what the national or personal ownership or control may be, yet partake of the nature of public utilities in which other nations have a moral right. For instance, the discriminatory control of ships, railways, waterways, coal and iron, in such a manner as to prevent the resumption of production by other States will inevitably debar economic recuperation."

Mr. Hoover's memorandum was written some six months ago, and many parts of Europe have continued in a state of upheaval since then. So that although it is possible that there may have been some improvement upon the conditions he describes, the causes of the lack of the means of subsistence throughout Europe are still present, and the problem of under-production still remains to be solved.

If the above quotations are carefully considered, it will probably be admitted that there is a world need for increased production, but as illustrations of the kind of suffering to which the shortage of the necessities of life is giving rise, I may mention two facts. In certain parts of Poland last year there were people who were actually eating grass, and there were children of six years of age

who, owing to want of proper nourishment, had never developed sufficiently to be able to walk. There is ample and well authenticated evidence, quite apart from Mr. Hoover's, to show that in Austria and in other parts of Europe thousands of men, women, and children are literally dying of cold and starvation. In East Poland, for instance, whole villages are dying out. In the face of these and similar facts, not many people would be found so callous as to maintain that the workers of this country have no responsibilities and no duties in the matter of production. Those at any rate who are taking their share in the international movement, and who are imbued with the true international spirit, will realise that their obligations to their fellow-workers abroad are no less strong than their obligations to their comrades at home. The only questions to be decided are : What can our own people do ? And under what circumstances can they do it ?

SOME OBJECTIONS TO THE INCREASE OF PRODUCTION.

I hope I may have obtained a pretty general agreement with the argument of this paper up to the point that has been reached. But there will doubtless be many who, while they will not deny that a larger output of the necessities of life, both at home and abroad, is to be desired, will yet maintain that there are serious objections to the workers of this country consenting to help make good the deficiency under existing industrial conditions. It is, therefore, proposed to examine some of the current objections to increased output.

(1) There are those who say frankly that the workers have nothing to do with production : that is the employers' job. In one sense this is true : the employer as a rule decides not merely what goods shall be produced, but how they shall be produced, and the worker has no voice on the question as to where they shall be disposed of, or at what price. But if from these undoubted facts it is going to be seriously argued that the workers have no real interest in production, it would seem to follow that it matters nothing to them whether production is carried on at all, or even whether the goods that are produced are sold or not.

(2) Increased output is objected to on the ground that it is the means of putting profits into the pockets of the employing classes. Now this is undoubtedly a strong argument for the abolition of the capitalist system, and even for the adoption of

measures avowedly intended to bring about its overthrow. But is it an argument for refusing to take part in production while the process of abolishing capitalism is in progress? It can only be so if abstention from production will in itself bring about the immediate abolition of capitalism and the substitution of some more satisfactory industrial system. Nevertheless, even if the argument under consideration does not justify a refusal to increase output, it must always act as a check to production, for men will not work willingly or really well when they are rankling under a sense of injustice. The processes of production can never work smoothly where principles of distribution are unjust. But this is a question with which Mr. Grimshaw's paper will deal.

(3) Increased output means speeding-up, with overstrain for the workers and ultimately the cutting of piece-rates. There is no doubt whatever that in many industries the work has already been speeded up to a point at which increased output would involve undue strain to the weaker men, and where increased efforts on the part of the workers generally would be physically bad. It is also true that increased output is constantly seized upon by employers as a reason for the cutting of piece-rates. On these grounds much of what is called "ca' canny" is wholly justifiable. But on the other hand it may be that there are some men in perhaps most industries who resort to "ca' canny" with the deliberate object of checking production, either with the idea of harassing the employer and making the industry difficult to run, or through fear of unemployment. When "ca' canny" is resorted to with the object of injuring the industry, I believe it cannot be justified, and further, that it will recoil on the heads of those who adopt it. But the point will be referred to again later.

(4) Increased output means unemployment. It is argued that if a given number of men increase their output, the employers will find that the necessary work can be done with fewer men. It will be best to imagine the simplest possible case, and to see what follows from certain lines of action. Suppose that ten men are employed by some firm in any industry you like, and that each man doubles his output. Then the former output could be produced by five men instead of ten. The firm wants to increase its output, but it may find that it can only dispose of an increase of 40 per cent., and as it would be able to produce what it wanted under the new conditions with seven men, instead of with ten under

the old, three men would become unemployed. Therefore, go steady, never mind about the 40 per cent. increase, but keep all the ten men at work. But the argument is generally carried further than this. Why not have a shorter working day, with the same wages as before, and with the same output produced by more men? Unemployment will then be diminished.

Now this argument, when applied to the workers in a single firm, is perfectly correct, but only under certain conditions. If, owing to the adoption of a shorter day, 15 men are taken on instead of 10, and wages remain unaltered, if the firm is not earning anything above the ordinary rate of profits in the industry, and if no further economies in the organisation and management of the industry are possible, the price of the goods produced must be increased in order to meet the larger wage bill. The price need not, of course, be increased at the same rate per cent. as the wages, because wages only form one part of the cost of production; but the price will, nevertheless, have to be increased. If, however, the goods produced are of a kind which the consumer is determined to have in spite of the higher price, so that the demand for them does not fall off, the plan will have worked as regards the particular firm in question, and a certain amount of unemployment will have been relieved. If, on the other hand, any of these conditions are lacking, and owing to the rise in the price of the goods the demand falls off because the consumer will not buy so much at the higher price, the plan will fail. Output may have to be restricted owing to the falling-off in demand, and either some or all of the men who have been taken on may have to be dismissed, or the whole of the men put on short time. This means that the plan can only work successfully, even in relation to a single firm, if the higher prices made necessary did not lead to a falling-off in demand—a condition which is by no means likely to be generally present. In fact, the cases where a change in price has no effect upon demand are rare.

But of course the higher price may not lead to a falling-off in demand sufficient to make it necessary for all the unemployed men who have been taken on to be withdrawn. In this case the plan of restricting output in order to relieve unemployment would be partly successful. In any case, however, if the plan succeeded, either wholly or in part, it could only do so at the expense of some other group of workers in the community. For even if the demand for the goods in question remained unaltered, the consumers would

suffer by having to pay more, and they would have to curtail their expenditure on other kinds of goods, which would mean a falling-off in the demand for them, and possibly unemployment in other industries. The effect of this would no doubt be counteracted to some extent by the demand of the men who were formerly unemployed, but who were now receiving wages. But it is hardly likely that the producers who suffered by the falling-off in demand in one direction would be the people who would benefit by the increase in demand in the other. At best a transference of income would have taken place, and one set of people would have gained at the expense of another.

One further readjustment remains to be considered. If the men who were formerly unemployed had been supported by the State, money would now be set free in the hands of the State for other purposes. But here the transference means that the cost of the burden involved by the unemployment has now been thrown on to the shoulders of certain groups of consumers and producers instead of being spread over the whole-community.

The question has, up to this point, been considered only in connection with the workers in a single firm, and it has been shown that by restricting output it is possible to relieve a certain amount of unemployment—but only at the expense of somebody else. It should be clear that, if the plan were adopted more widely, the only result would be that just about as much unemployment would be created at one end of the scale as would be relieved at the other, accompanied by a fall in the standard of living owing to reduced production. Restriction of output can never be a cure for unemployment; other remedies must be sought. Several have been put forward, but the detailed discussion of them lies outside the scope of this paper.

(5) There is one more objection to increased output upon which a few words must be said. It is sometimes maintained that the best way to get rid of the present industrial system is to make it unworkable, and those who hold this view would say that to increase output is to help industry to run more smoothly; whereas the true policy is to make it more and more difficult to carry on. Therefore output should be restricted, employers should be harassed, and industry impeded at every turn—the idea being that the employers will before long throw up the sponge, and leave the industries for the workers to take over without a struggle. Now I have only

one criticism to offer upon this policy, and it is this : I look forward as eagerly as anybody in the Labour movement to the day when the workers, including all grades—workers by hand and by brain—shall control the industries in which they work. It is possible to build up a society in which the workers can labour without fear of exploitation and with the knowledge that their work is to benefit humanity. But it is also possible that, by following a policy of drift and inertia and by adopting ill-considered methods, our present civilisation may break up altogether, and leave chaos behind it. Any sudden collapse of the present system of production and distribution would bring disaster first of all to the very poor, and then to the vast mass of industrial workers who are near to the margin of poverty. Sudden change is always accompanied by uncertainty as to the future and by some mistrust as to the effective working of any proposed new arrangements. I want to see a new civilisation, but I do not want society to flounder to it through a morass of wreckage, blood, and intolerable suffering.

These appear to me to be the principal objections that are urged by the workers against the increase of output, and with many of them I am in the fullest sympathy, as I am with the attitude of Labour generally on the question. But at the same time I do feel most strongly the necessity of repairing the havoc caused by the war, not only in this country, but throughout the greater part of the world, and I know that a new world cannot be built up without much hard work, in order to provide new stores of the treasures of the earth which are required not merely to support life, but to make it beautiful. I realise as well as anybody that for this vast changes are essential—changes economic, social, and political.

THE CHECKS TO OUTPUT.

From much that has been written and from many speeches that have been delivered on the subject, it might be imagined that the employing class and the Government were straining every nerve to increase production, and that the stubbornness, stupidity, and selfishness of Labour were the only obstacles in their path. While it is true, however, in my opinion, that Labour—partly owing to the objections that have been discussed, partly owing to very natural discontent and war-weariness—is not producing as much as it could, it is equally true that production is restricted by the employing classes and hampered in all directions by Government action—or inaction.

If "ca' canny" is practised by the workers, it is certainly not unknown to employers. Who has not heard of short time in order to make possible the disposal of surplus stocks? It would be easy to quote numerous cases where supplies have been held back in order that higher prices might be realised. The pouring away of milk when babies are dying for the need of it is surely a case of *sabotage* which the most ardent followers of Sorel would find it difficult to match. The wholesale destruction of fish is almost equally bad. The evidence collected by the Coal Commission is full of examples of the restriction of output by bad organisation and antiquated methods of production. There are so many examples of restriction in production brought about by the Government that it is difficult to select from them. But it is only necessary to think of the railways and transport generally, or the housing question, to realise that it is not the workers alone who are responsible for the restriction of output. While the ineptitude or unscrupulousness of employers and the incompetence of the Government cannot be urged in justification of a restrictive policy by Labour, Labour may fairly claim that the employers and the Government should show by example that they are in earnest when they call upon the workers for more work.

THE NATURE AND DESTINATION OF ADDITIONAL OUTPUT.

But apart from this, there are certain questions that the workers are asking, and which they have a clear right to ask. What form is the new output to take? What is to be done with it? And if the need for output is so urgent, why has it been necessary to spend millions during the past year on doles to the unemployed, and why are there thousands of unemployed walking the streets at the present time?

"Bread before cake" has become a hackneyed phrase, but it nevertheless contains a very important truth which is wholly disregarded by those who are fortunate enough to have sufficient bread, and not nearly enough considered by those who have not. If some of our statisticians could estimate the amount of the nation's labour engaged in producing superfluities which, even if they do add to the happiness of life—a matter for doubt in many cases—certainly add less to the general well-being than more necessary commodities, the results would be full of interest. While the cry for larger output has become more and more insistent ever

since the Armistice, lavish expenditure on luxuries of all kinds has at the same time become more and more noticeable. In many cases essential work has been made to give way to the wholly unimportant, and, to take only one industry, clubs and large houses for the well-to-do, while cinemas, which no doubt appeal to all classes, have been and are being put up before the houses which are vital to the health and well-being of the people. Again, for months after the Armistice was signed, munitions, and in fact armaments of every description, continued to be poured out in vast quantities, and over £130,000,000 has been spent upon wars during the past year—for the most part on wars with regard to which the nation has never been consulted, and which have been carried on contrary to the wishes of a very large section of the community.

The workers must have some guarantee that the increased output for which they are asked shall consist of the things which are most needed. A great part of Europe is starving, but if the workers of this country agree to do their share in relieving the suffering of millions of fellow-workers in other lands, they must be certain that the fruits of their labour will be enjoyed by the starving peoples abroad. We cannot in this country produce food for the Russians, the Poles, and the other nations in central and eastern Europe who are in such dire want owing to the ravages of war and the confusion which has followed upon it. But we can produce the means of food production. We can send them agricultural machinery and tools, and help them to get to work once more upon their land. We can send them the means of transport—materials for railways, locomotives, plant of all kinds. We can help to clothe them by sending them textiles, and we can send them coal. This means that the increased output which is required must take place in our staple industries—in the mining, the engineering, and the textile industries—and that capital and labour which are now at work on the less necessary occupations must be diverted as rapidly as possible into the more essential.

But it is not only starving Europe that has to be considered. Increased output is also necessary for the sake of our own people. The people must be housed, but the Government and private enterprise together have hardly begun to touch the fringe of the problem. Larger supplies of all the necessities of life are urgently required, and no marked fall in the cost of living can be expected until more is forthcoming. Further, the workers have a right to

see some signs of a definite and reasonable attempt on the part of the Government to grapple with the unemployment problem. The change from industry on a war to industry on a peace basis was bound to cause considerable disorganisation, unless definite plans for avoiding it had been thought out beforehand. Plans may have been thought out, but if so, they were certainly not acted upon, and the problem of absorbing displaced labour has been left to the private employer, who, as might have been expected, has not been able to solve it. The result is that the country has been faced with the extraordinary spectacle of the employing classes and the Government shouting for more output, with, at the same time, thousands of unemployed workers supported by doles and finally abandoned to their fate, and all the while essential work of every kind, such as house-building, waiting to be done. In the midst of such a state of things the workers can hardly be expected to settle down seriously to industry, and they are not likely to do so unless they can be assured that the Government and the employing classes are taking steps to concentrate on essential production, to deal with the unemployed question, and to avoid waste, both at home and abroad.

THE CONDITIONS.

Assuming for the moment that Labour has been satisfied on these points—rather a big assumption—what further conditions should the workers insist upon? On this point there are no doubt wide differences of opinion, and I cannot do more here than throw out a few suggestions for discussion. The answer which the question would receive from some quarters would no doubt be that the only condition is the abolition of capitalism and the establishment of a new industrial and social order. But although it may be agreed that this is the final goal, and although one may be ready to adopt methods for bringing about the desired change as soon as possible, most people will admit that capitalism cannot be abolished in a day, and the question: What are we to do in the meantime? remains to be answered. We have to think out a policy which will help us to solve the problems which confront us at the moment, and which will at the same time not impede progress towards far-reaching changes.

That a reasonable working day and reasonable wages should be one of the conditions goes without saying, and it calls for no

further comment ; but the workers have perhaps been too much accustomed to look upon trade union organisation and collective bargaining chiefly as a means of securing a shorter day and better wages. Why should not collective bargaining be made use of, for instance, for the realisation of other objects ? Why should it not be used to secure the adoption of a compulsory system of costing, the limitation of profits and interest, to shift on to the employers the responsibility for unemployment, and to obtain at any rate a share in the control of industry for the workers ?

COSTING.

Perhaps one of the most satisfactory new departures made during the war, when many of our industries were largely controlled by the State, was the system of costing which was introduced by the Government, principally in connection with contracts for armaments, and which saved the country millions of money. It is essential on grounds of economy, as a means of determining the shares which should go to Labour and Capital respectively, and in fairness to the consumer, that it should be known exactly what it costs the most competent firms to produce the goods that are required. As soon as this is ascertained, it will be possible to lay down the prices that ought to be charged, and we should have a much more satisfactory standard for testing profiteering than we have to-day. Further, as soon as it is known what a commodity ought to cost, it will be possible to deal with the firms where it costs more. They can then either be eliminated or brought into line and we shall no longer have the state of affairs brought to light by the Coal Commission, where the more competent or more favourably situated colliery owners were allowed to reap enormous profits in order to enable the less fit to carry on—a state of affairs which is by no means confined to the mines.

REGULATION OF PROFITS.

Closely connected with costing is the regulation of profits. Why should not the trade unions use their power of bargaining to secure (a) the making of stock-watering illegal ; (b) the limitation of profits ; (c) the publicity of profits ? Publicity of profits must be in such a form that the published statements give a clear account of the state of the industry and the actual gross and net profits received from time to time. And if stock-watering were illegal it would be

much more difficult for these statements to be made misleading. The trade unions should have the right to inspect books and to demand all documents essential to a clear understanding of the state of the businesses in which their members worked. Representatives should be appointed especially for this work, who should be either members of trade unions, trained for the purpose and well paid, or professional chartered accountants. These trained representatives would be in somewhat the same position as checkweighmen at the mines.

RESPONSIBILITY FOR UNEMPLOYMENT.

Why should not responsibility for unemployment be thrown entirely on to the shoulders of the employing classes who control and organise industry, and who claim the profits partly as a compensation for the risks they take and partly as a payment for their organising skill? It is maintained that some industries cannot be run without a reserve of labour; but if the reserve is to suffer while it is standing idle, the employers are shifting some of the risks of industry—for which they themselves are compensated—on to the shoulders of the workers. Again, unemployment is often due to defective organisation, and if the employers are to be paid for organising skill, there is no great hardship in asking them to bear the losses involved by the lack of it. Now I think that if each industry were responsible for the cost of unemployment, it is practically certain that unemployment would diminish, with enormous gain not only to the workers but to the community in general. A plan on these lines is now under consideration by the "Building Trades Parliament."*

WORKERS' CONTROL.

Lastly, the workers must use the power of their organisations as a means of bargaining for a larger share in the control of industry, especially through the medium of Workers' Committees. Through them much knowledge of the working of industry can be obtained, and if the workers can show that these committees can take responsibility and play an important part in the management of industry, the claim for still larger measures of control will be greatly strengthened and made much more difficult to resist. The

* THE INDUSTRIAL COUNCIL FOR THE BUILDING INDUSTRY. (Garton Foundation.) London: Harrison and Sons. 1919. Price 1/- net.

Government itself could give a much better lead than it has so far done in the sphere of industry that it controls by making Workers' Committees an essential and important part of its business organisation.

CONCLUSION.

The workers clearly have a right to insist on changes of the nature I have outlined. But, while we are pressing for them with all the energy and ability that we possess, we must take our share of the responsibility—now, and at once. We must be prepared, if necessary, to work on under conditions which we can never accept as just, and which may involve hardship, in order that we may take our part in removing the evils which have arisen from still greater injustice in other parts of Europe, and in relieving still greater suffering. We must do more than can be reasonably expected of us. Even though we can make a strong indictment against the Government and against the employing classes, it is due to our own dignity and our own credit that we should clear ourselves of any possibility of an indictment against us for callousness. We must not lay ourselves open to the charges of being internationalists only in name, and of lacking the true spirit of brotherhood. We must show that vague body, the Public, and our own comrades and fellow-workers in Europe, that we at least, the workers of this country, are unselfishly prepared to do all we can to remedy the horrible conditions into which the war has plunged Europe.

MR. BROWNLIE, in introducing his paper, said that he had been interested in the question of output for the last two years, and for some time past he had been anxious that something should be done to enlighten the workers as to the actual state of affairs, not only in regard to this country, but also to other European countries. Nominal wages had advanced by 100 per cent. during the war period, but real wages had lagged behind. He was concerned with the increase of production because he wanted real wages to correspond to nominal wages. But the workers would not accept the employers' statements on the subject any more than the employers would accept the workers'. He would have liked some

responsible person who was not directly connected with either side in industry to come and state the economic facts in regard to the United Kingdom and the continent, and draw the logical deduction. But treatment of the subject on these lines was found to be impossible, and he had suggested to the Council of Ruskin College the holding of the present Conference. His whole object was that reliable and accurate information should be disseminated amongst the workers.

Turning to his paper, Mr. Brownlie said that he only wished to direct their attention to one or two points. They would all admit that a country was prosperous in proportion to the amount of material wealth that that country possessed. But of course there was the question of distribution, with which Mr. Grimshaw was going to deal. Mankind had always been concerned with the problem of obtaining an adequate supply of the necessities of life. But the workers of to-day feared that increased output would accentuate unemployment. It did not follow that increased production meant more unemployment, any more than it followed that decreased production meant less unemployment.

The workers were much concerned about industrial control. He stood for control by the workers, and there were indications that the workers were going to get it. He had suggested that each industry should be made responsible for its own unemployment, and he was pleased to note that in the Unemployment Insurance Bill which had just been introduced, industries were given the power to contract out of the Government scheme, and to arrange more generous schemes. He hoped such schemes would be arranged in the big industries by the workers and employers acting together, and in a way which would give the workers increased control in industry through their share in the regulation of employment.

Other suggestions which he had made in the paper related to questions of finance. He looked forward eagerly to a Labour Government, and it was just because he wanted to see a Labour Government in power that he wished the workers to understand these great questions, and to prove to the world at large that they were not unmindful of the important issues of the moment. Also he was anxious that they should show the workers in France, Italy, Austria, Russia, Germany, and elsewhere that they were not unmindful of the claims of humanity.

QUESTIONS.

Q. : When Mr. Brownlie said that increased output does not necessarily mean unemployment, did he mean increased output caused by alterations of machinery ?

A. : I want an increased output of all the essential requisites of life. I want that increase in every way possible, and I believe it is possible to have it without taxing the physical energies of the workman one additional iota. On the contrary, I believe it is possible, by the use of the most modern tools, by adopting the most improved methods of workmanship and organisation, to increase the actual product of labour, and at the same time to save much of the physical energy which is going to waste to-day in consequence of obsolete tools and want of organisation.

Q. : Will Mr. Brownlie throw more light on his suggestion that industry should be capable of bearing its own unemployment. In many cases the semi-skilled and unskilled workers are constantly moving in and out of an industry. How would he determine who comes within the scope of any given industry ?

A. : I am going to confine my reply to my own trade—engineering—in which unskilled, semi-skilled, and highly skilled labour are necessary. Let me assume that my suggested scheme is in existence. We have to take into consideration the amount of labour required, allowing for a reasonable expansion. Every man who comes into the trade, whether unskilled, semi-skilled, or fully skilled, would do so in accordance with the rules to be laid down, and if that man were discharged whilst he is in that employment, the industry would have to maintain him until he could be re-employed.

Q. : If it is a fact that capital has solved the problem of production, is it not for us, as workers, to solve the problem of distribution ?

A. : The two problems are bound up with each other. You could solve the question of distribution and yet leave industry in the control of a small minority. I want the community as a whole to own and control the means of life in every direction.

Q. : Does the speaker's suggestion that if there was not sufficient employment for all, the hours of labour should be shortened, apply to any particular works or district, or to the whole country generally ?

A.: The point I made was in relation to some voluntary scheme of unemployment insurance, and I confine it to any given industry. Let us assume that you have a scheme in an industry, and that trade is slowing down. Rather than cause large numbers of men to come on the unemployed market, it would be to the interest not only of the industry in question, but of all parties concerned, that short time should be worked.

Q.: Would a reduction of hours mean a reduction in wages?

A.: When in 1913 the A.S.E. put in an application for an eight-hour day, we asked for a 48-hour week without reduction in wages. It was the same thing in 1918, when we applied for a 44-hour week. It is our scheme to-day to get a reduction in the hours of labour without a reduction in earnings.

THE OPENER OF THE DISCUSSION:
SIR LEO CHIOZZA MONEY.

I should like first of all to say what is in the minds of all the delegates—that I thank Mr. Brownlie very sincerely for his profoundly interesting paper. I think that had that paper been before certain organs of opinion a few months ago, instead of the necessarily short pronouncement which Mr. Brownlie then made, the embraces he received in certain quarters would not have been perhaps quite so violent and wild. I should like to congratulate him upon the fact that he survived those embraces to write this paper! My differences with the paper are, I think, more in matters of accentuation and perspective than in principle, but perhaps they are not unimportant.

I am delighted that Mr. Brownlie has directed your attention to world production; it is a point which is generally overlooked in current discussions. It matters everything to us—not merely what is produced here in this country, but in all the world, because our work is necessarily based upon foreign materials; and therefore when Mr. Brownlie directs your attention to conditions in Europe, he puts his finger upon something which no amount of work done in this country can touch. The European trouble is our trouble. Before the war, Russia was an enormous producer of surplus food and materials, and Russian exports were something like £160,000,000 a year. When we

blockaded Russia we shut those exports not only into Russia but out of Europe, and by so doing we impoverish not only Russia but Europe. Similarly, at the present time, the desperate under-production on the continent of Europe compels Europe to call upon America and other surplus producers for parts of their exports, thereby preventing those exports from coming to this country, and making your imports dearer. So that you see under-production on the continent of Europe is a direct cause of high prices and under-production in this country.

Now, Mr. Hoover has been mentioned. If the time at my disposal permitted I should like to reply to Mr. Hoover, but I will content myself by saying this: when Mr. Hoover addresses his homilies to Europe, he forgets that America came in in the thirty-third month of a fifty-two month war, that she suffered little economic loss, that she did not lose many men, that she did make enormous gains in the war, and that therefore an American observer should be rather tender when he speaks of the economic conditions of Europe. Eight million young men lost their lives in Europe, and in addition sixteen million other young men were maimed more or less severely. The war slew or maimed the producers of the material support of something like one hundred millions of the people of Europe. It is well, I think, for an American observer to remember these facts when he addresses his homilies to Europe.

It is also true to say that during the past year the exports of the country enormously increased. The fact is that the exports at the end of last year were twice as great as they were at the beginning of the year. I say that in passing, lest it should be really thought that in all the circumstances we are doing badly. I think in the adverse circumstances, political and economic, we are doing not at all badly.

But I want to address myself to the main point at issue. Who is responsible for the nature and degree of British output? Mr. Brownlie says a country is rich in proportion to the amount of wealth it possesses. I should rather like to quote in reply the poet Goldsmith, who wrote:

Ill fares the land to hastening ills a prey,

Where wealth accumulates and men decay.

If a country produces more wealth as a whole, that wealth, if badly distributed, may degrade those who possess too much and those

who possess too little. Also, Mr. Brownlie says he wants an increased output of all the essential requisites of life ; but again that brings me to my question : Who is responsible for the nature and degree of British output ? What is the answer to that ? In the negative form, most certainly the British worker is not responsible either for the nature or degree of British output. Let me add the answer in the positive form. British output is determined by the small fraction of the population which owns the national capital. If I were to develop that at length I should trespass on Mr. Grimshaw's paper, but I cannot avoid it altogether. Here is a basic fact, easily memorised : of all the people who die in this country in a year, two-thirds of all the property bequeathed is left by only 4,000 people. That is the searching fact to which I first directed public attention in *Riches and Poverty* fifteen years ago. That fact gives the answer on the question of responsibility. The strings of British industry are not pulled by the workers in industry ; they are pulled by those who own capital, and the nature and the demand for commodities is necessarily in the hands of those who possess the greater part of the income and the greater part of the capital, the one reacting upon the other. The spending power is not in the hands of the majority ; it is chiefly in the hands of the few. You have labour continually perverted into wrongful employment, so that you do not get what Mr. Brownlie wants—the output of all the essential requisites of life. During the war you got all the essential requisites of death, through national organisation. The people who pulled the strings were no longer allowed to do so. They were not allowed to make houses or furniture ; they had to make shells and aeroplanes. Industry was taken over from the capitalist and run in the interest of the community by the Government. What was the result ? During the very time that labour power was at its lowest and millions of men were in the army, the production of the country was at its highest. Do you realise what that means in all its implications ? Taking the country as a whole, we were producing more than ever before.

The chief charge against capitalism is that it does not produce ; and secondly, what is produced is badly distributed. It is a double indictment. Here we stand to-day—180 years after the smelting of iron with coal, 100 years after the “Puffing Billy” locomotive, 95 years after the Stockton and Darlington railway. What has capitalism done with these ? Go out from this building,

go north, south, east and west, and what do you find in London? Do you find the evidence of wealth? No! but the evidence of an all-pervading poverty. And if you go to the Census of Production, what do you find? In 1907 what did it show? Of twenty million men, women, boys, and girls engaged in production for gain, only seven millions were productively employed, of whom four and a quarter millions were males aged 18 years and upwards. I do not forget the schoolmasters and the railwaymen and the other useful distributors and performers of useful services when I say that this points to this great fact—that in your complicated society you get armies of men, women, and children told off to do jobs which not only don't want doing, but ought not to be done. Take your four and a quarter millions of producing men in 1907: If you had gone to the men working in mines, etc., and said to them, "Produce, in God's name produce, to save society; multiply your production!" Had you done this all over the country, at best you could have got the increased production of four and a quarter million men. But what about the men opening doors, working lifts, etc.? What would it have mattered if the great armies that do nothing useful had worked twice as hard? Would they have increased useful production? What would it matter if the army of people engaged in the advertising trade worked twice as hard to issue twice as many advertisements to deceive the people as they now do?—twice as many invitations to the poor sufferers from incurable diseases to waste their money and pour it into the pockets of quacks?

These are some of the thousand evils that you can name in your society. What you want is to increase the production of useful things; but what did we do directly the war was over? This country's industry, if it is built up upon anything, is built up upon coal, and the second important thing is transport. These are the essentials. Now what happened to coal and transport? More capital, which these industries badly wanted, was denied them; they were left in a condition of disorder and dislocation. Your transport problem (the simplest transport problem in the world, do not forget) was so badly neglected that no matter if the railwaymen worked twice as hard, it would not alter the fact that our railway system is not a system. It would not bring together the stations which are not connected up. It would not prevent goods from being sent from north to south instead of *vice versa*. What

did Sir Eric Geddes say in recommending the Transport Bill to the House of Commons ?

I know of cases—I will not say I had nothing to do with them myself—where goods for northern markets were deliberately influenced to a southern port in order to get the haul over the railways; and goods for southern markets were deliberately influenced to a northern port—things that were identical in quality and everything else. That kind of thing is going on all over the country. That is a waste of movement. Who pays for that? The community pays . . . , the consumer pays, and the transport workers pay because they do not get paid enough. . . . Throughout the country you have got waste movement, unnecessary movement; and if you are going to pay the great bill that is against transportation to-day, you have got to stop that. You can get the goods through to their destination without any undue burden upon the consumer, and the transportation system of the country will be healthy, which it cannot be to-day.

It was a railway man who uttered these words, and not an outside observer. Every intelligent man, however, knows that Sir Eric Geddes might have spoken much more strongly and yet remained well within the truth.

I confess that I am astonished at the ineptitude and incapacity exhibited by capitalism in our country. Just as it is true that not one-third of your mines are up to date in point of equipment, so it is true that not one-third of your industry is up to date. Talk about slum houses: have you never seen slum factories? I have—and some with great names attached to them, too. The tales I could tell about them! Let me give you a story, as told by a workman of my acquaintance:

Glib paragraphs about reconstruction and increase of output both annoy and at the same time amuse me, especially when I look round our firm. . . . The department here has been under water all this week; the cost of a proper building could be paid out of the money spent in wages to men who can do practically nothing, owing to the conditions of the place.

There is one little grindstone for several hundred men; some have to come about half-an-hour's walk to use it—costs about two hours' pay. One small circular saw, constantly out of order and worn out as a machine years ago, supplies about a thousand men. Result—days wasted waiting for stuff to be cut. The machinery is on the same level. Of course all our resulting low output at high cost is accounted for by the "fact" that "the lazy British workman" won't work as hard as the Yankee.

This is about one of the big ship-repairing yards in the country. In mines I find winding machines older than I am, and that is just too old for useful work!

That is how your industry was conducted, then, before the war—and is still in a very large number of cases. Let me remind you of the condition of your railways. The transport system is in a desperately bad condition, and needs new

locomotives and wagons. But has the transport of rich people suffered in this country? Oh, no! I went to Olympia and saw an exhibition of wonderful motor cars, and I learned that seventy-five firms were willing to sell me a motor car at £1,000 and upwards. And all this labour devoted to the transport of the rich was going on at the very same time when labour was needed to make wagons and engines. That is a case that comes right home to you. If you had done that sort of thing during the war the Germans would have been marching over our soil at the present time. It was just because the Government compelled industry to make the things wanted for the war that we got them. The very moment the war ended your production was given up to everything that those who pull the strings in industry thought was good for you. And the result is that you are not getting new houses and furniture, but that you are getting picture theatres, luxury manufactures, and so forth. In other words, the labour power of the country is being prostituted at the present time as it has always been prostituted.

You will never emerge out of this condition in regard to under-production and to bad distribution, which reacts upon and increases under-production, until you have got all the capital and all the important tools of industry in the hands of the people. It is no good saying it is going to take a long time—do not let us put up with that old tag. An inexperienced and inefficient Government in the war took charge of the work of the country and made industry produce the things required to win the war. If you do not know these things, investigate, and find out the enormous amount of machines, etc. of the right kind which were produced—shells, aeroplanes, new industries. And the most important fact of all is it was no mere matter of making routine goods, but inventing a new munition, setting up a new industry, and then prosecuting the new industry. These things *were* done. I could give you a thousand illustrations—chapter and verse. This was done not by an experienced organised Socialist Government, but by a Government which was compelled temporarily to become an imperfect Socialist Government—a bureaucracy. And yet, imperfect as it was, hastily as the thing was done, it was a wonderful success. Wonderful work was done by the Ministry of Munitions, the Ministry of Shipping, and the Ministry of Food.

Do not let us therefore allow ourselves to be misled by those who say it will take a generation to accomplish the change we want. You can take charge of the main key industries within a few years; you can get reasonable conditions of control in all your industries within a few years. All these things are possible within your own lifetimes. Then, and not till then, the workers of the country will have a proper social responsibility for their work; and then, and not till then, can we expect from them that interest in production and joy in production without which working life must be a failure.

GENERAL DISCUSSION.

MR. F. JARMAN (Woolwich Trades Council) said that it seemed to him that the workers could not agree to increase output, even in the essential industries, until they controlled the transport and the distribution of the goods themselves.

MR. TOM MANN (A.S.E.): Seeing that Mr. Brownlie proposes to make each industry responsible for its own unemployment, how are the unskilled men to be dealt with? Unfortunately, Trade Unionists themselves have not as yet properly seen the necessity for endeavouring to deal with this question; but I am glad to see that Mr. Brownlie has raised it. I want to get at the question as to who should be responsible for seeing that those connected with an industry should receive an adequate income at all times. That carries us of course a long way, but no further than we ought to be prepared to go, even now. How are we to saddle the employing class with the unemployment of the unskilled at the present time, before we get collectivism? How can we settle the problem for any section of workers? What is to bar the employers from dispensing with the services of a number of workers? It necessitates this: we must allot the right percentage of workers to each industry, and this presupposes an effective organisation of a national character far wider and more complete than any we have yet seriously contemplated. That is not at all difficult to carry out in my judgment, and it will not take a generation to carry through. We can get the requisite control in the near future, and we can arrange fair treatment for the fluctuating body of the unskilled who move in and out of an industry. If a scheme

could be organised on these lines, I am with Mr. Brownlie as to saddling each industry with its own unemployment.

If only we could get rid of that bugbear of unemployment, look what we should have solved. Every official connected with industry knows the continuous friction due to demarcation troubles. What are these due to but the prospect of unemployment? I should like to ask the delegates here to devote their whole lives to the effort of getting that kind of organisation which will enable us to decide what particular percentage of the effective industrial force should be applied to any particular industry.

MR. P. KEALEY (A.S.E., Acton No. 1): On page 7 of the paper Mr. Brownlie says: "The war has emptied the larders and store-houses of the world, and it is imperative that they should be refilled as rapidly as possible if humanity is to be saved from the most extreme privations. The cry for increased output is resounding throughout the world." I want to draw Mr. Brownlie's attention to the fact that the war we have just passed through has been won not for the self-determination of small nationalities, but for the capitalist domination of all nationalities. I want to draw Mr. Brownlie's attention to the fact that in speeches made during 1914 he approved of such a war. On page 15 he states: "Any sudden collapse of the present system of production and distribution would bring disaster first of all to the very poor." The poor are always in disaster. They could not be in any worse disaster than they are now: look at any industrial centre. Also on page 15: "I want to see a new civilisation, but I do not want society to flounder to it through a morass of wreckage, blood, and intolerable suffering." Ten million have been killed or maimed in the interests of dominant capitalism, and I say that if it is a question of the workers obtaining control, one or two more don't matter very much. As representing the N.A.C., I want to draw attention to the question of control. We of the Workers' Committee do not want a share of control: we want all the control. We have had enough of the crumbs of the rich man's table. The crumbs do not taste very nice. We are not out for Whitley Councils, with the lion lying down with the lamb—the lamb inside. I have seen some Whitley Councils, and the lamb is always inside.

MR. W. NAYLOR (United Patternmakers' Association): The predominant interest in the life of the workers at the present

moment is the control of industry, and once you assume the control of industry you govern unemployment, and the workers can also take an interest in production. But the way in which workshops are at present controlled must also be considered by the workers. We have to-day two main methods of payment: payment by results and payment by time. These systems are diametrically and fundamentally opposed to each other. Payment by results is not to the interest of the worker: the employers say it means high wages; but remember that it is also intended to mean large production. I know of many instances where piece-work does not mean large production; but still, if the employers are satisfied, well and good. Payment by results generally means competition between the workers. I do not believe in competition; I prefer co-operation in all things, and the payment by results system will never produce co-operation in the workshop.

We are told all men are selfish; but they are not selfish at heart. When we control industry we want men to labour for love, and not merely for the personal benefits that they are to receive as the result of their work. One more point: we are told of the necessity of capital for the carrying on of industry; but capital obtains too large a share of the fruits of industry, and we must alter that.

MR. H. J. MOREY (A.S.E., Walthamstow No. 2) said that increased output meant unemployment, and gave some examples showing that improvements in machinery had led to increased output, with a falling-off in the number of men required. He suggested that the Labour Party should bring in a Bill which would provide that the workers should not suffer through unemployment or reductions in wages caused by the saving of time due to the introduction of new machinery.

MR. J. MURRAY (London Building Trades Operatives): We are a Federation which has just been called into existence to organise the building industry in general, and I want to call attention to the attempts on the part of our movement to get control of industry, referred to in *The Manchester Guardian*. The Manchester Branch of our Federation are making an attempt to carry out a housing scheme directly through and under the control of the federated movement of the operatives. The London District Council of the Federation have confirmed the principle adopted at Manchester, and we want to get other people in the building trades to follow the

example. Those who have read the report Mr. Brownlie refers to on page 20 will see that our movement has made a huge step forward towards taking over the control of industry. It eliminates altogether the employer.

We are also endeavouring to develop machinery that will deal with unemployment in our industry—the most casual in the country, and I would welcome getting in touch with other big organisations. At the moment the building trades are something like 160,000 men short of their pre-war strength, and unofficially we are discussing whether we can solve this difficulty by dilution. We are endeavouring to dilute the trades which are busy with workers from the trades which are slack in our industry. We want to regulate the position, so that we do not have a large surplus of semi-skilled and a blind-alley occupation.

MR. P. ALLOTT (Amalgamated Union of Shop Assistants, London): On page 17 of his paper Mr. Brownlie says: “This means that the increased output which is required must take place in our staple industries—in the mining, the engineering, and the textile industries—and that capital and labour which are now at work on the less necessary occupations must be diverted as rapidly as possible into the more essential.” In his speech he said that in his opinion it was possible to get that increased production now, without causing any extra physical or mental exertion to the workers. I should like Mr. Brownlie to show later on how this is possible, for it seems to me that Sir Leo Chiozza Money has shown that it is not possible under the existing economic system with its unequal distribution of wealth.

It does not carry us very far to indulge in scathing denunciations of the present system. There must be a transitory period between the old system and the new, and if we go forward without having prepared a well-thought-out plan for taking over the industries of this country, how are you going to get the state of affairs that Mr. Kealey desires? We want something like National Guilds; and Whitley Councils, though they are not perfect, are certainly a step in that direction.

MR. A. HAWKINS (Edmonton Trades and Labour Council): I think Mr. Brownlie has laid too much stress on the importance of profits. The capitalists are quite capable of looking after their profits without any assistance either from this Conference or from any working-class organisation. The point seems to be that if we

are going to increase production it must be done now. But it would not be much good tackling this question unless we are going to get those things which Mr. Brownlie tells us are necessary. The Russians have in some cases increased production already, even under the difficult circumstances in which they are placed, to an extent which I think shows what the working-class can do if left to itself and allowed to work under proper safeguards, without the interference and domination of another class.

MR. T. GILES (Amalgamated Society of Toolmakers, North London) : It has been suggested that an industry should be responsible for its own unemployment. At the present time a scheme with this object in view is being worked out in the pottery trade by a Mr. Johnson. His scheme lays it down that there shall be no such thing as "play," and he suggests that in the event of a slump in trade, instead of discharging ten per cent. of your employees, reduce your hours by ten per cent. ; and in your prosperous periods set aside a fund so that when men are working at reduced hours you can pay them the same wages.

With reference to increased production and as to who will receive it, that depends entirely on the efficiency of the Trade Union movement. Manual labour, though not the only factor, is the primary factor in the production of wealth, and so long as we are properly organised and have proper signed agreements with the masters' federations, there is no reason whatever when production is increased why Labour should not receive not only a fair share but the lion's share of that increased wealth. With regard to the dissipation of wealth : George Lansbury is trying to get money for *The Daily Herald*, and he cannot get the necessary funds. Nevertheless, when I go home, I shan't be able to get on a tram car because 30,000 workers have been to see the Tottenham Hotspurs ! Even with our limited resources, if we were to put our money into the necessary things and work with intelligence, we could solve this problem in spite of all the opposition of the capitalists.

MR. W. EVANS (Brighton Trades Council) : I want to put in a word for the man who is not very fond of work ! When we pinched Uganda from the Ugandians, one of the first things we did was to run railroads through it, and they had to fire the engines with wood. The white men, either being so fond of work, or for some other reason, would not saw the necessary wood, so they hired the nigger to do it. But he very soon jibbed, and the white boss said : " If you don't

saw the wood you won't get any wages." He said : " Boss, I shall come for the wages in two months." It was the banana season, and these chaps lived in huts where the bananas were crated, and they only had to reach up and pull down bananas. I suggest, in connection with what Sir Leo told us about four thousand people dying and leaving two-thirds of what nature provided for the inhabitants of Great Britain, that it is time you had just as much sense as the niggers possessed !

MR. N. ALLEN (A.S.E., Acton No. 2) : The argument for increased production applies only to a very small number of the workers, because the vast majority of them are already bordering on a state of sweated labour. Mr. Brownlie does not want a sudden change of the social system. Well, if the present system terms itself civilisation, I am out for " uncivilisation." He also states that the first to suffer in the case of a sudden change in the system will be the poorer classes. But in Russia and Hungary this was not the case. Mr. Brownlie's main appeal is for relief of distress in countries abroad, presumably the countries of Central Europe ; but I think the chief cry for help comes from Russia, whom we are trying to crush. The main point is : shall we increase our production before we get our demands met by the employing class ? I think that if we increase production first, we are simply strengthening the hands of the employing class to resist those demands.

MR. W. F. WATSON (A.S.E., Acton No. 1) : Have nothing whatever to do with this talk of increased production until the international capitalists cease their attacks upon the Russian republic. We should at once proceed to perfect the industrial system that will enable us immediately to take over control of the industries of this country. It has been suggested that there must be a transitory period. That is agreed : but we have now pretty well passed through that period, and we should take advantage of the financial bankruptcy of Europe to perfect our industrial organisation and immediately seize control of the industries of this country. My own personal view is that the time has arrived when the workers must repudiate all capitalist economics and ignore all capitalist machinery, and that we have at the present time an admirable opportunity of putting up a fight against international capitalism by developing our Workers' Committees organisation.

MR. W. BENNETT (Guildford Trades Council) : We have already got the machinery in existence for doing most of the things that

this Conference desires. I refer to the political system of this country. You keep on talking about control of industry. Do you want personal control by the man who works, or do you want the control of industry for the whole nation? Is it to be political control? The control of industry is a big question, and I maintain that it can only be attained by organising your control of the government of this country. And as long as the majority of the workers vote in favour of the capitalist system and the private ownership of wealth, so long will the capitalists have control over us. I think that this control must be a national affair, working in co-operation with Guilds (or whatever you like) in each industry.

Again, in connection with production: production must have efficiency and a motive behind it. In the past the motive force of production has been compulsory work—or starve. The thing that has amazed me most about the workers of this country is their mania for production in industry! We should not increase production until we know it is for ourselves or for our share. Is the motive to be the interest of the individual or is it to be the public spirit which does certainly exist—but only amongst the working class—the desire to increase production because we know it is for the public good?

To my mind, one of the greatest mistakes which this Government has committed is that it has allowed the capital of this country to be increased on paper and to obtain more in interest than it did at the beginning of the war; and if the capitalists of this country had half the brains of the Labour Party they would have taken steps many years ago not to increase the demands of capital, but to decrease that standard, and would have been content with lower profits.

MR. G. WILLIAMS (National Union of General Workers, Kentish Town): I am opposed to any plea for greater production, because it means that we are called upon to work harder; and to ask the workers to work harder is to ask them to go contrary to their own interests—and in a manner that can only increase the profits of the capitalist class. If the capitalists were really concerned with increased production, they would set the unemployed to work, and we should absolutely refuse to do a greater portion of work until the capitalist, or, as we hope, we ourselves, have solved the problem of unemployment. We must organise the immediate overthrow of capitalism, take complete control of industry, and compel

everybody, irrespective of his social position, to contribute his share towards producing the essentials of life.

Mr. Brownlie urges us to produce more in order to supply the needs of the starving people of Central Europe ; but we have no guarantee that they will receive these goods. We should be producing more goods which would be at the disposal of the capitalists, and they would send them away to South America or some other country that could pay for them, but they would not send them to Central Europe, because the people there are not in a position to pay for them.

THE CHAIRMAN (MR. FRANK HODGES) : You have all insisted upon the quantitative theory of production : no single speaker has alluded to or made reference to qualitative production. Quantitative production means the production of large quantities of goods susceptible of quick consumption, whereas we should be producing goods that are durable. We increase the world's work by producing shoddy : we can only limit the world's work by producing articles which will last, and the psychology that has been created in the last fifty years by the system over which the workers have had no control is the psychology of bad production. Take machinery, or furniture : the workman now wittingly enters into a conspiracy with his employer to put into the solid parts such bad stuff as both he and his employer know is bad ; he accepts that point of view in common with the employer. To produce quickly, to consume quickly, in order that the wheels of production might be turned quickly—was there ever a greater fallacy ? And this has characterised the point of view of the working-class. We never hear of protest meetings because working men are being compelled to turn out shoddy, and why don't we hear of them ? In the mining industry we produce now 55,000,000 tons of coal more than we actually require from a scientific point of view. If coal were scientifically consumed we should not need to produce as much as we are producing now. We too have been brought in with the rest of the working-class to the point of view that what is wanted is production, whether the consumption is wasteful or not.

I think the real point of view of the worker towards output should be based on the qualitative conception. Starting from the knowledge that he wants to produce good things, he will develop good things, thus developing his character. He will become a man.

He will stand in a new orientation to his fellows, instead of trying to deceive them and being deceived by them. Education is necessary to change that psychology, and gatherings such as this contribute to education.

MR. BROWNLIE'S REPLY.

Some of those who have taken part in the discussion have not kept very closely to the paper, which did not deal with increased production as such, but with the workers' interest in production. In spite of my critics, I still hold that national wealth is exactly in proportion to the amount of material goods which a country possesses. Someone criticised me for talking about profits. I wonder if he has carefully read what I said in my paper upon the regulation of profits. I fail to see how what I have said can be interpreted as showing that I am in favour of increased profits for an idle profiteering class. Again, with regard to the criticism that I make the workers responsible for diminished output, I ask you to read page 18 of my paper, where I say : " The result is that the country has been faced with the extraordinary spectacle of the employing classes and the Government shouting for more output, with, at the same time, thousands of unemployed workers supported by doles and finally abandoned to their fate, and all the while essential work of every kind, such as house-building, waiting to be done. In the midst of such a state of things the workers can hardly be expected to settle down seriously to industry, and they are not likely to do so unless they can be assured that the Government and the employing classes are taking steps to concentrate on essential production, to deal with the unemployed question, and to avoid waste, both at home and abroad."

Many of the speakers reminded me of speeches that I delivered over twenty-five years ago. I had the same ideals, the same outlook, and the same fervour as they. The fault was I would never get down to earth. The object of this Conference is to endeavour to face facts. I do not believe in a bloody revolution. I want to bring about a change in the fundamental basis of human society with the least possible suffering. How long have we been in existence as an independent Labour movement? Something like three decades. For twenty-five years we were crying in the wilderness,

talking as some of you have talked here to-day. But we learned this: that we had to sit down and look facts in the face. The Trade Union movement is greater to-day than it has ever been in the history of the world—politically as well as industrially. Three hundred Labour candidates stood at the last General Election and polled an aggregate of something like two and a quarter million votes; yet there are five million Trade Union workers in the country. It is obvious that all the Trade Unionists did not vote for Labour candidates. And then the people who ask you to face the facts are denounced as *bourgeois* politicians and so forth!

I am not and never was out for increased production for the purpose of swelling the already over-swollen profits of an idle class. I would abolish the capitalist system in twenty-four hours if it were possible to do so without causing suffering. Here is a fact that concerns me very much: men of my own trade in the U.S.A. are in receipt of an hourly wage of something like 80 cents—about 3s. 4d.—(men not of equal skill nor of the same grade of craftsmanship as are to be found in this country), while the fully-equipped craftsman in this country does not receive a wage, including all bonuses, equal to 2s. per hour. The cost of living in the two countries is about the same at the present moment. I am told that the engineers of the U.S.A. and Canada do not work as hard as in this country, yet they get 3s. 4d. an hour. What is the explanation? You cannot say that it is due to more efficient labour organisation in the United States, because the Trade Unions there are not so strong nor so efficiently organised nor so well disciplined as they are here. Now it seems to me that the explanation is to be found in this fact: according to the latest reliable estimates, the national income of the United Kingdom for 1913 or 1914 was something like £2,250,000,000, or £50 per head of the population, whereas in the United States the national income was £7,250,000,000, or £72 per head of the population. The output was greater in the U.S.A., and therefore higher wages are possible.

SECOND SESSION.

At the afternoon session the Chair was taken by MR. TOM MANN (General Secretary, A.S.E.) in the unavoidable absence of MR. FRANK HODGES.

The Influence of the Distribution of Wealth upon Production.

BY MR. H. A. GRIMSHAW, B.A., M.Sc.
(*London School of Economics*).

AFTER five years of war, waste, and loss, there appears to be at the present time a tendency to turn men's minds almost exclusively towards the one end—increased output, and in some quarters to assume that that in itself is the solvent of all our troubles, whether we be capitalist employer, worker, or merely dividend drawer. It is in no way my purpose to deny that increased output is an important factor in the reconstruction of the economic position which has been lost by the world folly of war; much less that it is an essential if our dreams of a world better to live in are to be realised. My point is simply that increased output of itself and by itself will not and cannot remedy our present discontents, and that those who are pressing this solution without pressing also for other aims which I intend to indicate, are, knowingly or unknowingly, helping to keep those other aims out of the picture, submerged and ineffective.

When workers are asked to work harder, to produce more, to increase output as the cant of to-day puts it, it is easy to back the demand by argument apparently conclusive. If more be produced there will be more to distribute, prices will tend to come down: there will be more for the world to live upon and live better upon. (The point that *wages* will tend inevitably to come down also is not as a rule urgently pressed, for obvious reasons.) The trade unionist who knows his union history is probably fully aware that *restriction* of output has always been difficult to ensure, least difficult perhaps in the fortunate trades or professions which have been in a position effectively to restrict the numbers of persons employed in them; and further that it has always been regarded as a policy of selfishness, beneficial indeed to the group or class which successfully brings it about, but only at the expense of the general community. This is undoubtedly true. The policy

of *ca' canny* has about it, in common with the policy of "restriction of entry" (to a trade, a profession, or a country), something anti-social, selfish, and "class-conscious" in the bad sense. I am no defender of either policy. Both I believe to be morally bad, and both difficult to achieve and ineffective except over comparatively short periods.

INCREASED OUTPUT—ON TERMS.

The worker's reply to the demand for increased output is not, then, in my view, to be a blank refusal, much less a declaration in favour of restriction of output. His reply must be a *conditional* compliance. He will agree—but *on terms*.

It is easy to conceive a position in which increased output would approach somewhat near to being the panacea it is stated to be. Leaving out of consideration all complicating factors like the individual ownership or control of capital, and the phenomena of the wages system, it is not difficult to argue upon some such lines as these. The world, it may be said, needs so much of some commodity—bread, coal, guns, or beer—it does not matter which so far as this argument is concerned: at present the supply is short and people are not sufficiently well fed, or warmed, or able to shoot one another, or to quench their thirst as frequently as they may wish. Produce then more bread, coal, guns, or beer, and men are enabled to do these things they desire to do, if not to the fullest extent, at least to a fuller extent than is the case now. There is of course no refutation of this argument possible; the only point one can offer for consideration is that there may come a time at which men will rather choose to have a little less work, even though that may mean a little less to eat, or burn, or fire off, or drink. But man is not even within sight of the "limit of desire" implied here, so no time need be wasted upon it.

In order to state this irrefutable argument, however, it was necessary first to eliminate what were called complicating factors. To make the matter clearer, if that be necessary, they can be eliminated in another way. Let it be supposed that in the imaginary world we are thinking of, there are no inequalities of income. By that is meant not that all incomes are alike when measured in terms of money, but that all are alike when measured in terms of the utility they yield to the individuals who receive them. Different people have of course different desires: let us imagine that each person's

income enables him to gratify, say, one-tenth of his desires. That is the kind of equality of income I mean. Clearly, increased production all round would enable every one to gratify some further portion of his desires: the fraction might, for example, be increased to one-fifth. And the only problem for men to consider would be whether the increased gratification were worth the additional labour. Apart from that, increased output would be an unquestionable benefit.

The world, however, is not run on any such lines. The complicating factors are present, and their presence makes it necessary to examine carefully the call for increased output, and to comply with that call only on conditions. Inequalities of income do exist. Into the causes for that we need not go here and now, and it is not our present purpose to examine how such inequalities may be reduced or abolished. We shall only enquire what is their effect upon production.

THE CONTROL OF PRODUCTION.

The ultimate control of production is *economic* demand—that is, demand backed up by willingness and ability to pay. I am not overlooking the possibilities of the creation of demand by producers through advertising or other means; but this so-called creation of demand is not often more than a change of demand; the creators can affect the choice as to what income shall be expended upon, but they cannot affect the size of the income: they can affect willingness but not ability to pay. This being so, we can neglect the part played in controlling demand by producers. It is of no importance to the present argument that they are able at times to change the direction of expenditure.

Demand, then, controls production. But demand itself is measured by income, and, as we have said, incomes display great inequalities in amount. Now the degree of control exercised over production by any individual is measured by his income, generally speaking. It would be of course more accurate to say that it is measured by the amount he spends; but since that also, in general, is determined by his income, we may take this latter for the present argument.

We may deduce two things: firstly, that, roughly speaking, a man with an income ten times as large as another's exercises ten times the control over production and, secondly, that his control

results in the production of *different* things from those which are necessary to fulfil the desires of the poorer man. In other words, the large income *changes the direction of production*. This is due to the well-known economic phenomenon usually discussed under the name of "diminishing utility." It is perfectly clear and easy to understand why a further £100 a year is of less importance to a man with £10,000 a year than it would be to a man with £100 a year. The two men would expend the increase in totally different ways; to the former, supposing he expended it at all, it would possibly mean an additional jewel for his wife or daughter, or a re-upholstering of his car; to the latter it would mean the difference between penury and comparative comfort, and it would be expended upon additional food, clothing, or house-room. In the one case the £100 would call for the production of luxuries, or, if that term be objectionable, of things less necessary and therefore yielding less utility, and the luxury trades would be to that extent stimulated and their output increased. In the other case the demand would be for things yielding greater utility, and the stimulation afforded by the £100 would be applied to trades producing these things.

PRODUCTION OF WHAT ?

Now it is clearly of the utmost importance that a right decision be made as to what the labour and capital of mankind shall be called upon to produce; the point has been hammered at time after time by all kinds of writers. Why, it has been asked, are there children in the East End with their toes in the mud whilst the bootmakers of Leicester or Northampton have nothing to do? Why, when there is a shortage of bread, is not more corn grown? The reply is that though in either case there is a desire for boots or for bread, there is no economic demand; the desire is not backed up by ability to pay. And so the labour and capital which might have been producing these commodities of the greatest possible utility are turned to the production of things for which there is an economic demand, things which are of much less utility. We produce banquets and ballet girls when there is a shortage of boots and bread. The Manningham mills are turning out expensive silks and tapestries whilst numbers of men "wave the white flag of distress" at the seats of their trousers. In short, a right decision as to what shall be produced is not made. And from what we have said, it is easy to see *why*.

A right decision is one which corresponds closely with need, and is expressed, perhaps crudely, in the phrase: "No luxuries for anyone till all have enough of the necessities." A decision as to what are luxuries and what are necessities is not of course easy, but fortunately we need not go very closely into it. In point of fact, the problem would very effectively solve itself if the great inequalities of income we have been discussing did not exist. Let us examine those inequalities for a few moments. As Mr. Herbert Williams is, I understand, going to open the discussion on this paper, I take the analysis of the figures of national income for 1913, contained in his pamphlet, "The Nation's Income," though it is of no moment whether I take these or any others I have seen: they vary in detail, but agree in the main. According to Mr. Williams, the total national income is £2,303,000,000. Of this £951,000,000, or a little over 40 per cent., is taken by about 1,299,000 persons; the remainder (leaving out of account the small State income), £1,345,000,000, or a little under 60 per cent., goes to 19,410,000 persons. We find the former class enjoying incomes of £732 per annum, the latter about £69 per annum on the average. Taking $4\frac{1}{2}$ persons and two income receivers per family, this works out at £325 per year per person for a little under 3,000,000 people in the first case, as against £31 per year per person for a little under 44,000,000 people in the second case. The fortunate individuals of the first class have ten times as much purchasing power, and therefore ten times as much control of production, as have the individuals of the second class.

How does this express itself in output? If we assume, as we may very well, that the £31 per annum of the poorer class is spent upon the absolute necessities of life—that is, upon things yielding high utility—and if we assume further that the like sum purchasing the like commodities ought to suffice for the like necessities of the richer class, it means that a sum of £31 per head per annum for the whole population of about 47,000,000—say, £1,450,000,000 out of the £2,303,000,000 of total national income—is so spent as to call for the production of the necessities of life. The rest, between eight and nine hundred millions, is used to demand the less useful commodities ranging from "comforts" to "luxuries."

But this is a mild statement of the case, for the actual inequalities of income are much worse in their effects upon production than a mere statement of averages would show. For if the average

income of the wealthier classes were the actual income of each member of them, not much in the way of "luxury" would be demanded. A person with £325 per year, or a family with four and a half times that amount, would not get far beyond demanding the comforts of life. The vast majority of the wealthier classes—of that 1,299,000 we have described—have very much less than £325 a year, whilst a relatively small number have much more. It is impossible to say exactly how many have this income or less: there are no figures available from which the calculation can be made. Mr. Williams tells us, however, that of the 1,299,000 income tax payers, some 350,000 receive incomes totalling £631,000,000, leaving the other 950,000 or so to share some £270,000,000. Three hundred and fifty thousand income receivers represent, calculating as before (*i.e.*, two income receivers and $4\frac{1}{2}$ persons per family), some 787,000 people—about one-sixtieth of the total population. But their share of the control of production, as measured by their income, is *more than one quarter of the whole*.

Similarly, consideration of the poorer class and the distribution of income among them would doubtless reveal that the vast majority of them have considerably less than the average we have named, for £31 per year per person would mean £140 per family, and we know that in 1913 there was a huge number of families which fell far below that limit.

Hence it is clear that whilst on the one hand a few persons have a huge control over production because of their large incomes, and can use that control to divert industry from the production of necessities and even comforts to the production of "luxuries," on the other hand there is a very large number of people whose control over production is so slight that it cannot call for an adequate supply of even the necessities of life. The machinery of industry, therefore, set in motion and directed by demand, which in turn is governed by income, is constrained to produce too many luxuries and too few necessities—too many banquets and too few boots.

This is not yet the whole story. The figures I have given are those of 1913, the last pre-war year. There is little doubt—I think no doubt whatever—that the effect of the war, and more especially of war loans, has been to increase—perhaps greatly increase—the inequalities in the distribution of income which existed before the war. And I think it certain that the process of increasing those inequalities will continue for some time, whilst interest on

the loans is being paid. Further, the whole argument so far has been based upon the control over British industry exercised by British incomes. But if the whole of the human race be considered, the inequalities of income are obviously much greater than can be found in these islands. And the whole of the human race *must* be taken into consideration, even if we are considering the control of British industry only, for the demand which directs British industry comes from the whole world. The wealthy foreigner, no less than the wealthy Briton, assists in diverting British industry to luxury production, whilst the demand of the poorer foreigner, like that of his fellow here, is insufficient to call forth the necessaries he wants.

To sum up so far : production is governed by demand, which depends upon income ; the *quantities* of any particular kind of thing produced depend upon the inequalities of income. Where large and small incomes co-exist, articles of less utility will be produced, whilst there will be a shortage of articles of great utility.

Hence I say that the workers, when asked to increase output, have the right first to ask, " Output of *what* ? " If they consider themselves to be workers for the benefit of mankind, if they believe their labour has other results than their weekly wages, if they hold that " workers produce for one another," they will ask that question. They will demand that their labour shall be expended, in a crisis like the present, upon the production of the things most needed ; they will not leave the choice to be settled by a demand which depends upon gross inequalities of income intensified by war finance and war opportunities.

CAN THE COMMUNITY DECIDE ?

War experience has at least taught us that the ordinary working of supply and demand can be changed by governmental direction and control. Take bread, for instance : the Government during the war period saw the necessity of preventing a rise in the price of a commodity so vital to the well-being of the community, and it instituted what is known as " the bread subsidy," with the intention, successfully attained, of stabilising the price paid by all citizens for the loaf. In effect, what was it that happened ? The Government, knowing that if the ordinary workings of supply and demand were allowed to take their natural course, the price of bread would rise beyond the reach of large numbers of the people, took steps

which resulted in the community *paying for its bread in a different way*. The purchaser paid over the baker's counter a part only of the price : the rest was furnished by the State from the general taxation. Since the wealthier classes pay in general taxation a higher proportion of their incomes than do the poorer, this was tantamount to a certain reduction of the inequalities of income. Considered from another point of view, the system resulted in compelling the wealthier tax-payers to spend more of their incomes upon bread—not eaten by themselves—than would otherwise have been the case, and the economic *demand* for bread, even at the higher price, was kept approximately equal to the *need* for it. Without some such device, the demand of large numbers of the poor would have been seriously reduced by the increasing price, and their need for bread would not have been met, in whole or in part.

So that the "bread subsidy" had the double effect of permitting the needs of the community to be met whilst at the same time maintaining the economic demand at such a level that supplies were called forth as needed. The subsidy changed demand from what it otherwise would have been ; it turned industry to the production of bread, whereas, if left alone, the expenditure of the wealthier classes would have been in other directions and would have called for the production of other and less socially necessary things. The tax-payer had to spend less on banquets because he was compelled to spend more on bread. It was not the ideal method of dealing with the matter, of course, and I put it here merely as an illustration of the fact that a modern well-organised community need not be bound by the letter of the law in the matter of demand and supply. We can at least change the direction of demand, and therefore also we can change, by communal action, the kinds of things produced. Workers consequently need not be without a reply when they are told that the industrial machine must produce what is *demand*ed and not what is *need*ed. Their reply is that the State can make demand and need correspond when it is sufficiently scared about something or other, and that it should not wait to be scared. As an interim policy, then, pending the time when the inequalities of income will be so reduced that demand and need will correspond automatically, the modification of demand by State action as in the case of the bread subsidy has much to recommend it. And, meanwhile, the touchstone of much other legislation and State action will be, for the workers,

whether it tends to increase or to reduce the present inequalities in the distribution of income.

One further point before we leave this discussion of what shall be produced. The State, during the war, has adopted in certain cases a second method—the method of compulsion—in order to secure that those things shall be produced which are needed. This is a second string to our bow, but the other method has one important advantage, in that it tends directly towards a reduction of the inequalities of income, and for that reason I prefer it. The compulsory method, as applied at any rate during the war, has tended rather the other way. Ask the woollen manufacturers else.

PRODUCTION FOR WHOM ?

Practical policy, then, as to what shall be produced, is bound up with the further question which I suggest the workers should ask when the cry of increased output is raised. It is “Output *for whom ?*”

This question has been already answered in part. If it be decided that the output is to be of commodities needed by the community, the ultimate destination of the goods produced is plain and needs no further discussion. But this is not a complete answer. Under the present system of the organisation of industry, as we well know, the whole product of industry goes neither to the worker nor the consumer, nor to both taken together. We have a dramatic illustration of what I mean in the present financial situation. Suppose we take the value of the national output now at an advance upon Mr. Williams' figures for 1913, say, at £2,500,000,000 in pre-war values : it is of course much higher in present values. We have a national debt of £8,000,000,000, which will mean in round figures an annual burden of £400,000,000 to £450,000,000 for payment of interest. Present time values of commodities will come down but the *figures* for this interest payment will remain the same. Suppose that prices reach something like pre-war level, and the national output is valued at £2,800,000,000, then clearly one-seventh of our annual production must go in the payment of interest on the national debt. I do not stress these figures ; I am quite aware that the national output may increase rapidly, must increase rapidly, in fact, if the burden of debt is to be bearable. But whether the fraction be one-seventh or one-tenth is immaterial to my argument. The point is that that £400,000,000 must be produced *in commodities*,

and that those commodities will go neither to the worker as such nor to his employer, but to the receivers of interest on the national debt. When we ask who are these people, we are told that they number millions, that they include a large proportion of the workers themselves. But the vast bulk of the national debt is held not by the relatively poor, but by those who are already well-to-do, and this one-seventh or one-tenth of the national output goes in future for the most part to a comparatively few rich persons. Note, further, that it does not go to them because they, or their capital, have played any part in furthering production. The justification for the ordinary capitalist's income in normal times is stated to be that he provides labour with an important assistance, in that he furnishes tools, machines, factories and so on. Now, whilst certainly some part of the money lent to the Government during the war has been expended in this way, the vast bulk of it has gone in ways less useful; has disappeared, in fact. We have then this position, that a large fraction of our output will in future go to persons who have not contributed directly to the furtherance of that output, and moreover, the effect of this will be, as I have already indicated, still further to increase the inequalities of income which have in my opinion such disastrous effects upon the determination of what our labour shall bring forth.

Now into the question of the justice or otherwise of the policy of allowing this lien upon industry to continue I am not going to enter; I am concerned with the actual position of affairs and questions of expediency. I believe that the capital levy offers a satisfactory and equitable solution, because it would tend in the direction of greater equality in the present distribution of wealth, and because, properly organised, it would place the burden of the present position on the backs best able to bear it. But to revert. Because of the heavy war loans, a large proportion of our industrial efforts are mortgaged in advance: we may put it that workers must work and factories must be run one day in seven or one day in ten, not for the sake of the worker, the employer, the consumer, nor even the community at large, but for the benefit of the rentier class.

And all this, of course, is additional to the evils of the ordinary system, under which the capital-owning classes are enabled already to take varying proportions of the national output by way of profits. Here again war experience has taught us something. We discovered as it were all afresh, something that we knew quite well before,

but always refused to face until driven to it by the hard experiences of the great struggle. We found out that the industrial system rewarded (if I may use the term : I do not like it, since it implies something more than mere payment for services rendered) the owner of capital not in proportion to the amount of his capital, but in proportion to the communal need for it. We discovered that this was true of labour also, but we did not treat the two things precisely in the same way—at any rate so far as labour in the army was concerned. We did not even attempt to *pay* the soldier : we contented ourselves with giving him pocket money and looking after his wife and bairns in his absence. We did, however, attempt to pay capital, and, as I have said, we must go on paying it at high rates for some time to come.

Where capital was invested, not in loans but in industry, we were driven to different methods. In some cases we refused to allow capital to take the profits it was in a position to exact from our great need : we compelled it to be content with much less than the “ laws of supply and demand ” would have allotted to it. In other cases we took back a part by means of the Excess Profits Duty. In face of war conditions, nobody pleaded that either method was inequitable or unjust. Everyone realised that it was the needs of the community which gave the opportunity to capital of increasing its share in the distribution of the national wealth, and everyone agreed that a curb should be put upon the process, if possible. Now we did successfully put on that curb, and again demonstrated that the so-called economic laws were within our control. Whether we went as far as we might have done is a different question ; I, personally, am certain we did not ; and since we are now talking of enquiring into “ war fortunes,” it is evident I am not alone in my belief.

CAPITAL TAKES ADVANTAGE OF NEED.

War conditions only emphasized and threw a strong light upon things which exist at all times. The owner of capital is in a position always to take a share in the national distribution proportionate not only to the amount of his capital but also to the *need of the community* in some direction or other. This must be clearly realised : it is as true in peace as in war. Not much imagination is required to see the position in war time ; a little more must be exercised in peace, and that little more must be

forthcoming. We must realise that very frequently the economic conditions of peace place the owners of certain capital for a longer or shorter period in a position to benefit from the community's needs, and we must remember that we have learned in war time that such conditions can be controlled in the community's interests; that, in short, this type of exploitation has been fairly successfully countered, and can be more successfully dealt with in future. To this end we must adopt another method, the practice of which we have learned during the war; that is, the compulsory keeping of the accounts of business firms, and the periodical examination of them. It comes to this, that the community cannot allow the owners—or the users, for that matter—of capital to take larger shares in the distribution of the product of labour than are beneficial to the community as a whole; neither can it on the other hand allow capital to be used in an inefficient manner. Competent examination of business accounts will reveal both evils, and methods must be devised of dealing with both.

When we hear of firms engaged in the production of articles of necessity such as flour or sewing-cotton declaring the huge dividends which have been a feature of recent years, we may be quite sure that these dividends are the results of certain conditions which have arisen in the community, and not the result of brainy management or super-ordinary skill. It has been almost impossible for, say, a timber-merchant, or a ship-owner, or a woollen manufacturer to *avoid* getting rich under war time circumstances, and similar circumstances, though perhaps less strongly marked, operate at all times. The owners and users of certain capital become, for one reason or another, to a greater or less extent monopolists for the time being, and are able to exact from the community that additional profit which Dr. Marshall named quasi-rent. This is precisely of the same nature as what we are more familiar with in connection with land: it is "unearned increment"—increment due entirely to the presence and the needs of society. Every argument in favour of taxation of this increment, or in favour of its confiscation by the community from whose acts or needs it arises, is valid for similar treatment of such excess-profits as these.

Now, the stock reply to proposals to attack dividends is that capital will not be forthcoming, will go abroad, and so on. But what of truth there is in this can be effectually dealt with by the community, as again the war has shown. Capital did not go

abroad during the war for the simple reason that it was not allowed so to do. If capital be not forthcoming in sufficient quantities in the future, there are ways and means, sufficiently obvious to need no discussion, of making sure that it does come forward. If people, that is, will not save enough, the community will do so for them : it will introduce compulsory saving.

When, then, to come back to our point, the worker as I suggest asks for whom is the increased output, the assurance he requires is that the result of his labour shall benefit the community as a whole, and not merely a fortunately-placed fraction of it. Of course I am aware that that fraction of the community will not take all the product, and that society as a whole is bound to benefit by increased production ; but the worker should not in my view be asked to put forward an increased output from which a few, by virtue of circumstances arising out of the common need, will benefit inordinately. It is one thing to produce for the community as a whole : it is a totally different thing to produce for a favoured few. The worker cannot be severely blamed, in my opinion, who refuses to increase his output so long as a large part of the increase goes into the pocket of the capitalist.

Now let us suppose our two questions satisfactorily answered. We are assured that the increased output will be of commodities which are needed, rather than those which may be demanded by a society where incomes reveal great inequalities, and further, that the increased output will go in fact where it is needed, and will not be intercepted by profit-takers. Then there is and can be no further valid objection to increased output except the possible one I mentioned early in this paper, that men will make a choice between more labour and therefore more commodities on the one hand, and more leisure and less commodities on the other.

Let us go now a stage further. Increased output is not only a question of increased labour : it is dependent also upon the increasing use of machinery. Under the present organisation of industry, machinery is always introduced at the expense, more or less severely felt over a greater or less period, of some section of workers whose labour is superseded. In the long run, of course, the community benefits, but in the meantime someone suffers, and for that suffering the industrial system makes no provision. (It is true that the State stands by with a stock of palliatives for these throw-outs of the industrial machine.) Hence it is that

workers have always dreaded and have often forcibly opposed the introduction of machinery into their trades, and from a narrow point of view—their own—they were right. It is no answer to the complaint of a starving man to tell him the next generation will be better off !

When we analyse the matter, we find that the cause of this particular evil is precisely the ill-distribution of wealth once more. The machinery tends, for the time being if not permanently, to increase that share of the output which goes to the owners of capital, and therefore to increase the already existing inequalities of income ; it is not an exaggeration to say that the general effect of the increasing use of machinery, whilst undoubtedly it benefits the community as a whole, does in fact widen the gap between the high and the low incomes. Speaking generally, those who are already owners of large masses of capital, or those who have control of it, are the ones best able to introduce machinery and to reap its advantages. Thus inventions which should benefit all mankind, in reducing the amount of labour necessary to produce sufficient for comfort, and which do benefit all mankind to some extent and in the long run, do also intensify the iniquity of ill-distribution and perpetuate it. In so far, then, as increased output is to result from the increased use of machines, there is again need for caution—unless the present method of the distribution of wealth is to be changed.

THE END OF AN EPOCH ?

Fortunately the worker is, I believe, becoming alive to all this. Witness the recent movement toward gaining a share in the control of industry, a voice in methods and in management. There is also, unless I am mistaken, a distinct tendency visible towards demanding on behalf of the workers some share in the decision as to what shall be made ; workers are beginning to see that there are differences in the utility to the community of the various commodities they are producing. Members of the building trades, for example, see that it is more useful to their fellows that they should build dwelling houses rather than picture palaces. This view of things will extend, and it will mean, sooner or later, that workers will refuse to use their energies on things of little

social value, be they never so much in *demand*, whilst the more fundamental *needs* remain unsatisfied. In short, they will see to it that the working of the law of "supply and demand" is upset in the interests of the whole community precisely as it was upset in the same interest during the war. And the ultimate result of this upsetting will be, as I pointed out was the tendency of the bread subsidy so far as it went, to reduce the inequalities of income, the ill-effects of which upon production we have been discussing. When that is effected, the economic demand of the community will call forth from the industrial system the things which are *needed*; at the one end of the scale we shall produce fewer of the luxuries of small utility, at the other end fewer of the shoddy commodities, low-grade boots and clothing, low-grade foods and low-grade houses.

Finally, let me say that I rejoice to think that the period of the capitalism we have known nears its close. We are approaching the end of an epoch. Just as when in the fourteenth and fifteenth centuries the industrial system of that age began *to cease to pay*, and therefore to be abandoned, so I believe the characteristic nineteenth century capitalist system is on the point of ceasing to pay and will in turn give way. The fourteenth century system ceased to pay largely because the serf of that time got a new concept of freedom, and with it the notion that serfdom was an inconsistency. At that his ears went back, and his owners had to change their methods. So now, the worker's concept of freedom is something wider and nobler than it has been; he sees "wage-slavery" to be an inconsistency, and the wage system is ceasing to pay. This is being recognised, as it was recognised by wise serf-owners in the fourteenth century, by the best employers of to-day. The establishment of Whitley Councils and other organisations of joint control are evidence of that. And in another direction, the recognition by the governing classes of the essential fairness of forms of taxation which tend to reduce inequalities of income—forms which fifty years ago would have been, in the general public opinion, held to be distinctly unfair—is evidence that ill-distribution is considered an evil.

It needed a hard struggle over a long period to end serfdom: it will probably need a hard struggle to end wagedom. But events move more rapidly in these days.

MR. GRIMSHAW, in introducing his paper, said that he was not concerned with lawful or moral approval of the distribution of wealth; but, looked at as an economic problem, it was all wrong, because the industrial machine produced the wrong kind of things and the wrong quality of things. After expanding this point, he explained that the capitalist class did not control production *as such*. It was controlled by demand, through income: the larger the income, the greater the control. Shoddy goods were produced because we had shoddy incomes, and too many luxuries because they were demanded by people with big incomes. So long as there was a very strong influence on the one hand and little or none at all on the other, a more than adequate supply of luxuries from a social point of view would be produced, and a less than adequate supply of the necessities of life. It was not that the nation did not produce enough for all, but that the nation spent its energies in producing the wrong things. Speaking in a general way, he was an out and out supporter of increased production, because he wanted to improve the standard of comfort of the worker. But to consent to work harder and to produce more without laying down certain conditions would be folly, and, from a class point of view, madness. He was not afraid of revolution, but he was concerned with the actual position of affairs. For instance, the community wanted capital, and it had not got the common sense to take it. If the present system continued, its effects would be to intensify still more the great differences between the rich and the poor, and all legislation should be tested from the one point of view: did it tend to increase or decrease the ill-distribution of income? The present system would come to an end of its own sins. The world would, in the 20th century as in the 14th, discover a new meaning to the word freedom, and would find out that what was now called wage-slavery was inconsistent with the new ideal. Then one of the first things to be put right would be the ill-distribution of income, and when that was put right production would find its own way.

QUESTIONS.

Q.: Will Mr. Grimshaw elucidate a little further the passage on page 51, in which he says that it has been almost impossible for capitalist producers to avoid getting rich? What was there to prevent them from reducing their profits?

A. : I meant impossible for some people to avoid getting rich. The output of some people was so enormous that, even with a limited profit of five per cent., they would have got rich : but they did not limit their profits.

Q. : Ought a man who does not work or produce anything useful to have any income ? Will Mr. Grimshaw explain plainly what he means by the evil distribution of income ?

A. : What I meant by evil distribution of income is simply and solely that some people receive a large amount. I am not concerned whether they receive it because they work or as the owners of capital. The point is, some people do receive large incomes whilst other people receive small ones. To discuss the question raised would take me beyond the scope of this paper.

Q. : Mr. Grimshaw has shown us how capital employs labour. Will he make some suggestion as to the best way labour can employ capital ?

A. : I do not think I have said that capital employs labour. I do not think it does. Capital, in my opinion, is the assistant of labour. I cannot set up a scheme here and now as to how labour can dominate capital.

Q. : I understood Mr. Grimshaw to say that capitalism would come to an end of its own sins. Will he please explain what those sins are, and how he arrives at this conclusion.

A. : I think capitalism is creating conditions which will ultimately bring capitalism to an end.

Q. : Assuming that capital is so evilly distributed, how would Mr. Grimshaw suggest that labour should act ?

A. : I have already suggested that you should examine all proposals for legislation from the point of view of their effect on the distribution of wealth. You will have to proceed by the use of the two weapons which are in your hands now—the political and the industrial weapon. I do not think you can afford to throw away either, and I think probably you will find that the political one is the stronger of the two.

Q. : Could the speaker suggest some propaganda whereby the Trade Unionists could be educated to eliminate the evils of capitalism, and so that they can educate others ?

A. : I should not have thought it was necessary for any speaker here to have to suggest propaganda !

THE OPENER OF THE DISCUSSION :
MR. HERBERT G. WILLIAMS.

I never like to fly under false colours, and so I will tell you quite frankly that in politics I happen to be a Conservative. It is a curious thing, if I may be critical, that not a single question which was put forward bore on the question of the scientific effect of distribution of income upon production, and that is all we are here to discuss. We are not here to decide whether we are to have a revolution to-morrow or in a fortnight. The paper assumes for the moment the continued existence of the capitalist system, irrespective of the point as to whether later on it shall be different, and therefore its object is to discuss whether or not during the continued existence of the capitalist system you can or cannot improve the general condition of the worker by influencing the distribution of income. Now, Mr. Grimshaw refers to the influence of consumption on production. He points out, quite rightly, that ultimately it is the buyer who determines production ; and production takes three forms, as I understand it : necessities, luxuries, and capital. By the production of capital I mean the production of machines, factories, roads, railways, ships, and all the rest of it. A very large proportion of the labour, ability, and capital of this country is engaged in the production of new capital, and it happens that a very large proportion of that very great income which goes to the class whose incomes you desire to diminish is devoted to the production of new capital, and is in no sense available for re-distribution. It cannot be used for the production of necessities, you cannot interfere with the people who are at present producing capital without injuring your future prosperity. Therefore you must bear in mind that under any form of Socialism whatever, someone or other, some body or other, will have to divert a proportion of your capital, labour, and also ability to the production, not of the necessities of consumers, but to the production of new instruments of production and the production of capital generally.

Two mornings ago I was reading John Stuart Mill's chapter on Distribution. I thought it might help a little to clear my mind. Paraphrased, it starts off : "The laws of production are fixed and definite, and are as universally true as the laws of mechanics ; but the laws of distribution are purely man made." Now of course that is not quite true :

neither statement is true. The laws of production are not fixed, for if any of the individuals who possesses one of the elements of production—capital, labour, or ability (and I do not imply for a moment that labour does not possess ability)—if any of these factors in production is discontented or thinks rightly or wrongly that it is not getting a fair deal, production will be diminished. I am entirely satisfied as to that point. Now, since we are living for the moment in a capitalist world, it is quite conceivable that by making discontented owners of capital, so long as you permit capitalism to exist, you may injure your workers more than you injure the capitalist. Therefore it seems to me a profound error, while we are living under capitalism, for Socialists to put forward proposals which would be sound enough in a world run on Socialist principles, but which are useless in a world run on capitalist principles. That is why, as I think, legislation which has been passed in this or that way has missed its object, and has done profound injury to the particular class in whose interest it was promoted.

I suppose that of all the classes whose incomes have diminished, the class which happens to own houses has suffered more than any other. This is clear if you work out the effect of the Rent Restriction Act on their incomes. With the greatly increased cost of repairs and so on, you will find that the income from the rent of houses will purchase about one-third of what it purchased in 1913. And owing to the action of the Rent Restriction Act new houses cannot be built which will bring in an economic rent. Therefore every capitalist who is concerned with the ownership of houses is a discontented capitalist, and he has very great reason to be so; while you, the workers, are having inflicted on you the most appalling distress because you cannot get houses. I say quite frankly that those people who, for the sake of temporary popularity, tried artificially to fix the rent of a house at a level which is unbalanced as compared with the price of food or anything else, have prevented scores of thousands from having houses to themselves, and have prevented others from getting married. This is true. You can pass as many Acts of Parliament as you like, but as long as you assume the continued existence of the present system, you may inflict injury on your own class by not permitting that system to function properly and to the greatest possible advantage.

I should like to say a word about over-production. If our friends who opposed increased production are right, it seems to me

logical to assert that diminished production might benefit the workers and injure the capitalists. I may be wrong, but I cannot see where the fallacy is ; yet I do not know a single Socialist who is not convinced that it would be bad to diminish the existing level of production.

I look round the world and find a lot of people of all classes, of all occupations, of every economic status, engaged in profiteering—and any person who demands from me an unfair return for services he renders to me, compared with what everybody would regard as reasonable, is a profiteer, whether worker or capitalist. The man who restricts production becomes a profiteer in its present sense just as much as the man who makes what is regarded by the majority as an unreasonable profit. Why are people able to obtain unreasonable profit ? Because, all over the country and all over the world, there are fewer commodities available than formerly. That is why there is profiteering ; and anyone who asks us to lessen production is a direct friend of the capitalist who is exploiting the position ; therefore he is my enemy and the enemy of the whole community. Take the old saw : machinery is bad for labour because it throws men out of work—and indeed there are people who believe it to-day. I cannot understand why they are not logical and why they do not destroy the machinery which exists. Why don't they wipe out the locomotives, which displace labour, if their theory is true ? Why don't they wipe out horses, which also displace labour, if it is true ? No ! I am afraid all these people are bitten with John Stuart Mill's false theory of the Wages Fund, and that they have also been bitten with an equally false theory—Lassalle's Iron Law of Wages.

Whether you are a possessor of ability or a capitalist or labourer, whenever you produce so much wealth you simultaneously produce an equal amount of purchasing power—neither more nor less. There is no limit to demand, and I do not know of any to consumption—provided one thing : that you maintain a balance. You know the story of the man in Norwich who met a little boy in the street without any boots, and on enquiring the reason was told his father was out of work. The man then asked what his father was by trade, and was told he was a boot-maker. On enquiring why the father was out of work, he found it was because there were too many boots in the world. That is an old tag which we have heard many times from the soap boxes. People say over-production ; I say, No !

You cannot produce positive without negative electricity ; whenever you see over-production, it is a sign of under-production somewhere else. We are a manufacturing country. We produce partly in anticipation of a foreign demand. We may make boots for export to the Argentine, but we produce these boots in anticipation that the harvest in the Argentine will be as good as the average, and that people there will be able to exchange for our boots so much bread—or, rather, wheat to make into bread. Neither the Socialist nor the capitalist state has yet reached the power to control harvests. If there is a failure of the harvest in the Argentine there will be people thrown out of work in England, and it is called over-production ; but what has really happened is under-production in the Argentine. I am convinced that the manufacture of commodities goes on simultaneously and equally with the manufacture of purchasing power, provided no upset of the balance takes place. Of course I agree you must not produce too many hot-house grapes and not enough children's shoes.

The essential truth is that as you increase your production you increase the consuming power of the community, and therefore you bring into being something which will carry off the whole of the production, provided you maintain the economic balance. Under the law of supply and demand, if supply is short in proportion to the demand, prices go up. That is one aspect ; but if the demand continues sufficiently long for a particular article, the price ultimately goes down, because it becomes possible to produce by the methods of mass production. The law of supply and demand is the regulator of production. To settle how much of each particular article shall be produced under the Socialist system, you will have to replace that law by some gigantic statistical department of state which will determine in advance exactly how much your production shall be of each article, and shall allot to production a sufficiency of capital, ability, and labour to ensure that. That is the essential basis, as I understand it, of any system of State Socialism, and I believe that State Socialism is the only workable kind of Socialism.

I am now going to quote figures, but it is with considerable nervousness, as I am in the presence of Sir Leo Chiozza Money. I have made a rough estimate of what the national income will be during 1920. I believe that during 1920 there will be twenty-two million people at work for pay or profit, definitely at work—I am

excluding wives, because they are not paid for their work. Of the twenty-two million, sixteen million will belong to the manual working class. I believe those sixteen million people will draw between them £2,400,000,000 as earned income and about £200,000,000 as interest on the capital which they possess, rent, etc. There are about four and a half million small people working for themselves, or who employ at the outside not more than one or two people, with a total income of about £800,000,000, and about one and a half million professional people and capitalist employers who have an income of about £750,000,000 earned (that is, earned as defined for income tax purposes), and in addition interest and profit to the amount of about £1,250,000,000. The grand total works out at £5,400,000,000.

In throwing out these suggestions and making these estimates, I am satisfied I have provided you with something to argue about, and I have this gratification of being at one with all my Socialist friends—that I dearly love an argument, and their outstanding feature in argument is not their communistic but their excessively individualistic spirit !

GENERAL DISCUSSION.

MR. P. KEALEY (A.S.E., Acton No. 1): Mr. Grimshaw said that capitalism would come to an end of its own sins. In that he was quoting the old fallacy that every organism contains the seed of its own destruction. He also said he was not afraid of revolution, and he must know that a revolution is simply a turning over from one system to another—it does not always mean getting out on the barricades. A turning over from a system of production for profit to a system of production for use would be a revolution. I am for a revolution, and I don't care how it comes. Mr. Grimshaw also said that if the community wants capital it ought to take it. The people of the community, I take it, are the working classes ; the other people who do not work have no right to capital. The workers want capital, and they ought to take it, and the taking over of capital from the people who do not produce and placing it in the hands of those who do produce would be distinctly a revolution. The people can run industry. They did run the engineering establishments of this country during the war, and ran them properly ; they have done it since.

Mr. Williams said that the owners of houses had a grievance because the cost of repairs, etc., had gone up, so that they were not getting a fair return on their money. I have lived in a house in the slums, and during the war no repairs were done there. He also stated that we must not hamper the capitalist system. Now I am one of those who are going to hamper it just as much as I can. I believe that it will come to an end of its own sins, but I believe that I can assist it to come to that end much quicker. Mr. Williams does not seem to have a very definite idea as to what a profiteer is, and I would like to give him mine—any person who, by reason of not producing commodities, exploits the labour of others. He also said that a man who worked for wages could be a profiteer. Every wage-earner in this country only gets two-tenths of the results of his labour, and I would therefore like to ask Mr. Williams where in the name of goodness he can find any profiteering amongst the working-class.

MR. W. STRAKER (M.F.G.B.): I would like to thank Mr. Williams for pointing out that unless there are fundamental changes in the principles which govern industry, all that we do is merely patching up. Everything that we may propose will defeat itself in the long run so long as we have the present system. Instead of devoting so much of our time to this patching and tinkering, we should get on; instead of wasting our efforts in attempting to socialise capital, we should take industry into our own hands. Then we shall get the remedy we so much desire, but not until then. The inevitable result of the concentration of capital in a few hands must be that luxuries are produced instead of necessities, and as soon as any change of fashion comes along the workers in those luxury trades are the first to suffer. And then Mr. Williams tells us that if we do anything to injure that arrangement we are injuring ourselves! For forty years we have been told that if all the profit that the profit-maker secures for himself was divided among the labouring classes, it would amount to very little. That is true; but it does not go to the root of the evil. The root of the evil is not that so much goes to one class as compared with another: it is the misdirection of human energy.

I am glad that Mr. Grimshaw has pointed out the fact that there is a wrong motive in industry, but I am not sure whether he was right when he said that economics is distinct from morality. I am inclined to think that they have an important bearing upon one

another, and no system that is dividing men, making one man overreach another merely for selfish gain, is ever likely to produce the highest character. That brings us back to the point as to how we are to get clear of that motive, and to produce for use instead of for profit. My complaint is not against the young man who is in a hurry ; my complaint is against the apathy that exists amongst the Trade Union leaders who tell us, as Mr. Brownlie did to-day, that twenty-five years ago he was talking as the young men are doing to-day, and that they have not got down to practical things. Now, forty years ago I was talking as Mr. Brownlie is talking to-day ! I am glad that I have lived to see the day when a new ideal has taken possession of the workers. I am tired of this kind of anæsthetic. For God's sake, do not let us be afraid of going forward, and let us use both the political and the industrial weapons.

MR. A. EDWARDS (Guildford and District Co-operative Society) : The question of waste in connection with production has not been mentioned. During the war we have had enormous waste while people have been starving. Thousands and thousands of tons of food have been wasted on the quays because there was not sufficient room in cold storage. During only the last two years thousands of tons of potatoes were wasted. The country had to pay for all this wastage, and it has cost hundreds of thousands of pounds. The misdirection of shipping caused unnecessary losses through enemy submarines, which involved the destruction of vast quantities of commodities.

And then with regard to luxuries. There are people at the present time going about in sealskin jackets, and every one of those jackets cost more than would keep a family for twelve months. As to waste, again, I have seen wheat sown broadcast in fields where there were weeds two inches high, where it would be impossible for it to grow. It was absolute waste. We must get the unemployed to increase useful production, and we must see to it that we, as workers, take hold of the political and industrial machine and control the country.

MR. W. EVANS (Brighton Trades Council) : I want to take up Mr. Williams' challenge that no Socialist can be against increased output. I for one don't believe in it. According to the most responsible authorities, the world as far as output is concerned had reached its highest record in 1914. There were three thousand men and women out of work in Brighton then. That is just about

the number who are out of work in Brighton to-day. Don't you see the joke? In 1914 the warehouses up and down the country were bursting to repletion with everything that one could wish, but these people could not have any of it. Why? Because the possessing class had robbed them through small wages and profiteering; and that is as true to-day as it was in 1914. So I am more in love with the banana thieves than ever!

SIR LEO CHIOZZA MONEY: I am only going to deal with three points. First—With regard to discouraging capitalism, about which Mr. Williams had so much to say: I want to discourage capitalism as much as I can; and I venture to direct Mr. Williams' attention to the example furnished by the slave trade. Let us suppose that slavery had not been discouraged in the Southern States in America, and that it had been said: If you discourage slavery you discourage production; therefore don't discourage it. This is exactly what Mr. Williams says with regard to capitalism: Do not discourage the capitalist, because if you do he will produce less. I think that you have to discourage and abolish capitalism before you will attain a system by means of which you can secure a really great production. The great test of capitalist success is in production, and the greatest success of the capitalist in industry is in producing rubbish for the consumption of the great majority of the people.

Secondly—Mr. Williams gave you some figures. I am not going to question them. His estimate for the forthcoming year is that there would be twenty-two million people engaged in occupations for gain. Of these, sixteen million will take £2,600,000,000, and the remaining six million will take £2,800,000,000, making a total of £5,400,000,000. Let us bring in the women and children. If you do that, it means that you will get, upon Mr. Williams' own figures, thirty-three million men, women, and children living upon £2,600,000,000, and fourteen millions taking £2,800,000,000; so that you would get fourteen million men, women, and children with a larger income than thirty-three millions. The result is: first, that you get an under-production because a very large number of your population will be told off to supply luxury goods and services to the minority. In the second place, as Mr. Grimshaw indicated, you will have a minority of the nation with a call upon the greater portion of the working power of the nation, and therefore necessarily demanding from production the wrong kind and the wrong

quantity of goods and services. While that obtains, the result is and must be an under-production of wealth, and you will still have rubbish-making as your greatest industry—rubbish in houses, furniture, clothing, etc.—in every department of life—rubbish, not only made, but *deliberately* made, for the consumption of the great majority of the people. I know no greater accusation against capitalism than what you find when you go into some woollen factory or cotton mill, and see a magnificent invention used not for the manufacture of articles intended to wear or to last, but deliberately and knowingly employed to produce rubbish made to wear out.

Thirdly—the question of incentive is all important. What is the present incentive? We can all agree upon this with Mr. Williams—that profiteering is the present incentive. With regard to that I would like to give you my definition of profiteering. The profiteer is the man who takes out of society more than he puts in, and I say that the result of that incentive, so defined, is that the greater the success which attaches to the incentive, the greater is its anti-social effect. Let us assume that the amount of wealth that I possess will enable me to give you work. What is the result? I can cause you to be employed when I please and in what way I please. You say: Give me work. I say: Yes, there is work—upon terms. Very well; thereby I get into my hands a fraction of the work of all of you. I cannot consume it all. Therefore I have to find fresh sources of amusement, and to say to you: Come and work for me not by manual skill, but do this, that, and the other task to make me comfortable. That state of things obtains in society; a great army of people put into useless or wasteful work. That is the magnificent result of the incentive of profiteering, and that only can be the result.

What can we put in its place? My view is that that incentive is damned. We have got to put in its place the incentive of social service. Can that incentive win through? It is winning through. Even in our society to-day, evil as it is, there are men and women who disdain profiteering. I believe that as time goes on these men and women and the ideals for which they stand will triumph. That is the great spirit that is going to reorganise your industries, that is going to inspire your workers in the future, and make you a new nation.

MR. J. P. LLOYD (London Building Trade Operatives) : With reference to the relation of morals to economics, referred to by Mr. Straker : unfortunately morals are based upon economics, and not economics upon morals. If the latter had been true the world might have been revolutionised long ago. When Mr. Williams talks about houses, machinery, and the rest as being capital, he forgets that capital is only an incident in production. Houses only become capital when in the hands of a landlord. When houses are built to live in, and not to sell, they cease to be capital. Now, can we abolish capital ? Morris said that capital is only capital because it is in the hands of the capitalist, but it should be wealth for the community. We have to see that production in the future leads to further wealth and not to further profit. As Mr. Grimshaw says, if we workers are called upon for increased production, we have to ask : What is our increased production for ? If it is for further profit, I decline increased production. If it is for further wealth for the community, then we ought every one of us to throw all our labour and all our energy into increased production. Take the housing problem : we are willing to put all our strength and energy into building if we get an undertaking that the people are going to reap the benefit, but only then. And the same applies to the whole of production in England to-day.

MR. L. LATHAM (London Trades Council) : The position is this : that the whole of the employing classes and their assistants are saying to the people who spent four years defending capital at home from the onslaughts of the capitalists abroad : " Now you have come back, take off your coat and work hard." That is a fair summary of the methods of those people who are calling for increased production. Mr. Grimshaw made a great point of ability to pay for goods. There is probably no greater need for certain commodities than there is at present in Central Europe ; but these goods are not going to Central Europe, because the people there cannot pay for them. Mr. Grimshaw makes another good point of the fact that high incomes control production, and that the owners of the high incomes call for luxuries. But the most serious part to my mind of the ill-distribution of wealth is that a portion of the community cannot even consume their incomes, but have to re-invest, and this only reproduces the evil.

Mr. Williams gave us a blast of the *ancien régime* as far as economics is concerned. First, as regards the discontented

capitalist; I do not think from the published balance-sheets of recent months that he has done very badly. Mr. Williams made a point about the ill-effects of the Rent Restriction Act; but these are not due to the Rent Restriction Act, but because similar Acts were not applied elsewhere, because even the Government, with the best security in the world, pays six per cent. on Exchequer Bonds, so that the patriotic builders took their money where they could secure the greatest profit. Mr. Williams made light of Lassalle's Iron Law of Wages, but on no other grounds than the Iron Law could we have demanded a higher wage for an increased cost of living. Generally speaking, what the workers get is just sufficient to keep them in a state of health to produce. All the wage movements during the war have been a justification of the Iron Law of Wages. Mr. Williams also said that restriction of output was profiteering. I would like to ask him if he has read the Report of the Committee on Trusts and Combines. Even if the working class should agree to unrestricted output, the employing class would still restrict output. We have cases in scores. I will only cite the most glaring and criminal one, where it was proved before that Committee that in a certain trade in this country firms were paid a guaranteed profit *not* to produce.

MR. W. BENNETT (Guildford Trades Council): Mr. Williams falls into the old error in talking about the boy with the boots. I knew that little boy. True, his father worked in a boot factory; but what happened was that he did not get enough money to pay for his little boy's boots! The conclusion we have come to—and everybody is agreed upon it—is that the bad distribution of wealth has a profound effect upon production: bad distribution means bad production. We all agree that the present distribution of wealth is as bad as it can possibly be. We want a better distribution, and we ought to consider how we are going to bring that about. The Trade Union method consists in combining, but the unskilled trades have not as yet got the power to wring out of the employers a larger share of the total wealth. We ought to remember that it is not the amount that you get, but what that amount will buy, that matters. From what I have read of industrial history, the best time for the working-class was when we had very long hours and low pay, but when at the same time a penny would buy a dozen eggs and a halfpenny two and a half gallons of beer! There are two different methods by means of which a better distribution

could be brought about. One method is by revolution ; but the better method is by legislation.

MR. W. F. WATSON (A.S.E., Acton No. 1) : Mr. Grimshaw said that capitalism will come to an end of its own sins, and he inferred that those sins were contained within the capitalist system. Of course they are. I am getting rather tired of people saying that the capitalist system contains the germs of its own destruction without telling us what those germs are, or what the sins of the capitalist class are. It seems to me that we can go on like that for quite a long time and not get very far. We have to analyse those germs, and I believe that the cause of the final breakdown of the capitalist system will be shortage of food stuffs, low wages, and this continual pressure inside the workshop which is necessitated by the ghastly waste of wealth and effort of the capitalist class to regain its financial equilibrium.

Under these conditions, is it not fair and reasonable to assume that before many months the cost of living will go up—butter 4s., sugar 1s. 6d., with wage depression and great unemployment, and that we shall rapidly approach a crisis similar to the financial bankruptcy of Europe referred to this morning ? Is it not fair to assume that there is going to be revolt amongst the people ? Does not history teach us that after a war such as we have passed through, these forces do operate ? Passions are released, as you can see by your police and divorce court proceedings, and it is very difficult to control them owing to the keen economic pressure that is being brought to bear upon the industrial life. What is the result of the impulse of the stomach ? Unless it is controlled by the intellect we are going to have chaos much worse than emerged from the five years of the war. The remedy is revolution. What sort of revolution is not the question. The important thing is to recognise that these forces are operating in our industrial life, that the impulse of the stomach will be intensified later on, and then we must have machinery prepared to take advantage of that process and overthrow the capitalist system. That seems to me where the capitalist will end. Don't let us take any notice of any of this talk about increased production until we have secured the full control of the whole machinery of production.

MR. J. BEHETS (Shoreditch Trades Council) : You have to come to a decision as to the present society : if it is wrong, brush it aside.

I am anxious that Labour should share in increased production. I am anxious that we should produce not the munitions of destruction, but of peace, which are so essential for Labour to live a fuller life. But the amount that Labour will get will depend on how thoroughly your Trade Unions are organised. It is useless to have legislation to cover the whole of industry. What is food for the miner is very often poison for the engineer. I think it is about time we had a scheme of decentralisation. Let your Trade Unions come together with the Employers' Federations. I have sufficient confidence in my Trade Union leaders to feel that they can strike a bargain. I wish to deal with things as I find them.

MR. GRIMSHAW'S REPLY.

I seem to have got into trouble because of my inconclusive attitude as regards revolution, and the rather general criticism of my remarks this afternoon seems to me to be a little unfair, because in a paper of this kind I am talking of the influence of the distribution of wealth upon production, and naturally revolution does not come in. I am considering things as they are, and not particularly methods of altering things as they are, except in the direction of a redistribution of wealth—and a redistribution of wealth must tend towards equality.

Let me now turn to one of Mr. Williams' points. In his very able speech he seems to me to have confused two views. You remember he said that production consists of various things, and he included new capital, which is all right. Then he indicated what new capital was—new houses, machines, and so on. The point is that it is just the ill-distribution of income which leads to the ill-distribution of this new capital. It goes in a wrong direction because it goes to further wrong production. He also said that a Socialist state would have to set up all kinds of complicated machinery to do this, that, or the other. I believe that is a profound mistake. I do not think the machinery would be any more complicated than it is at present. In some directions it could not be. But my particular point is this, that if you do secure a comparatively equal distribution of income the problem of production solves itself. To put it plainly and baldly, if no one had an income of more than £200 a year, there could be none of that useless

luxury production. Nobody would be able to afford it, and so your industry would be turned on to goods which the community could afford.

Here is a fact that struck me : the bulk of the exports from this country to France during the last few weeks has been coal, and the bulk of the imports from France has been champagne—another effect of the ill-distribution of income. You have to bring about a redistribution of the national product which will give something like equality of income. It has not been my object to discuss whether it should be brought about by revolution, by the political weapon, or by the industrial weapon.

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